Top Insights for the C-Suite

How to Excel at Both Strategy and Execution: An IT Perspective
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How to Excel at Both Strategy and Execution: An IT Perspective
Business leaders today face a very challenging business environment marked by significant change, competition, uncertainty — and opportunity.

Although many organizations find it hard to accelerate through the kinds of disruptions and mixed signals they face, Gartner research shows that there are ways to position your business to drive through disruption and come out ahead, but it takes concerted action and preparation.
If you’re like most business leaders, you’d probably prefer not to make big moves until the signals are clearer, or you may look for ways to weather uncertainty — perhaps first leveraging low-hanging tactics like cost-cutting to improve a few performance metrics.

But neither a “wait-and-see” approach nor defensive cost-cutting will power you through adversity — not least because today’s current state of uncertainty won’t magically disappear.

There’s little clarity on a range of economic, regulatory, geopolitical and trade issues, and digital disruption has made widespread and multidimensional uncertainty the new normal.

Turns of fortune may be sudden (e.g., enormous security breaches) and can blindside you unexpectedly (e.g., new competition from outside your industry). The g-forces in the turn may be extreme (a nontraditional competitor that doesn’t need to make a profit) and the time to impact short due to digital capabilities (viral anti-brand social media). Turns often coincide, increasing the need to react on different business vectors and requiring a high-performing executive team.

To survive any such turns, organizations must be able to flex as the environment changes. But some progressive business leaders, our research shows, do more than survive; they thrive — by embracing turns as a prime opportunity to seize and sustain a competitive edge.

But winning in the turns in this way requires you to prepare before the turn — whether you’re on the executive committee crafting enterprise strategy or leading your function to execute it.
A Perspective From Mike Harris continued

The risk of paralysis is very real, especially if your organization lacks institutional memory of operating outside of a growth cycle. Many of today’s leaders have, for example, only led strategy and operations during times of growth. Fewer than half of current CxOs were functional heads during the 2008-09 financial crisis, and less than 10% were heading the same function in their current company.

Lack of preparation creates business risk. In today’s business environment, being right is only half the battle. Companies also need to execute at speed — intensely pursuing strategy with confidence and discipline as the environment changes.

This e-book delivers insights from Gartner research in 2019, featuring data and findings from proprietary surveys and engagements. It highlights the actions that progressive functional leaders are taking to improve their execution and drive forward the organization’s objectives, especially through disruptive turns and uncertainty.

These practice-specific insights tackle the very real changes that functional leaders face in their own areas of the organization — from the lack of critical skills and capabilities to evaluating risks and speaking data as a second language — as well as their imperative to execute against the enterprise objectives.

Best regards,

[Signature]

Mike Harris
Uncertain Business Conditions Seen in Unprecedented Market Trends

Trend lines across major indexes

This is the first time since the Great Recession that these trends have converged at post-recovery highs.

- **Business Transformation**
  - Business model transformation
  - M&A transactions

- **Competition**
  - Entrepreneurship health index
  - Top-player dominance

- **Economic Uncertainty**
  - Economic policy uncertainty
  - Probability of recession

- **Employee Power in the Labor Market**
  - Employment rate
  - Employee disengagement index

- **Capital Inefficiency**
  - Corporate debt new issues
  - Corporate capital inefficiency

Scaled from 0% to 100%, and where 0% is the minimum while 100% is the maximum rolling three-year average reached since 2009. Trends are based on well-known indexes and reported benchmarks and both public and proprietary data.

Source: Gartner
In 2020 and beyond, virtually every enterprise will experience a market transformation or other crisis that requires a fundamental change in how they do business. In the face of such disruptive “turns,” enterprises will win by their ability to handle crisis and disruption, not by optimizing for stability. CIOs play a key role in increasing the enterprise’s fitness and ability to emerge from a crisis stronger than before.

CIOs must anticipate opportunities and threats, and make the organization adaptable to changing conditions. They must be visionaries and pragmatists — clearing a path for innovation to occur across the organization while making timely data-driven decisions.
Information Technology

Win in the turns
Organizations face ongoing uncertainty and business disruption

Business turns can come in many forms, including acquisitions, cost pressures and shifts in consumer demand as well as systemic shifts such as a possible recession, growing trade wars and digital disruption.

It’s not hard to imagine sales plummeting, the cost of inputs spiking or digital competitors entering the market. When crises like this hit, many enterprises languish — and some lose their competitiveness.

Even digitalized organizations remain vulnerable to change. Digital has become business as usual, with the number of enterprises that have reached the scaling and refining stages of their digital journey continuing to increase.

Digital itself is no longer a differentiator, but the vast majority of enterprises are optimizing existing business models, not transforming themselves. As a result, many digitalized enterprises are highly vulnerable to turns in business conditions that require them to undertake fundamental change.

40% will be scaling and refining their digital initiatives in 2020, up from 17% in 2018. Others are still in the “initiating” stages.
Source: Gartner CIO Agenda 2020

90% of enterprises have experienced a turn/disruption.
Source: Gartner CIO Agenda 2020
Stumbling in a turn threatens profits and more

Organizations that emerge from a turn behind or far behind where they were previously (a segment we label “fragile”) lose on multiple counts.

Gartner analyzed the performance of nearly 1,000 organizations that had experienced a severe crisis and found that those that lost ground during turns take a hit to revenue and profits temporarily, but also find it harder to run and grow the business going forward.

The profit margins of fragile enterprises shrank over the past five years, whereas “fit” enterprises maintained their margins.

Gartner CIO Agenda 2020

These fragile organizations attract less talent, launch initiatives more slowly, have less money to invest in the business, and generally find it harder to plan and execute strategies to drive innovation and growth. They suffer permanent structural damage.

Fragile firms are also far less able than their “fit” peers (those that emerged from turns ahead or far ahead of where they were before the turn) to respond to change.

Fit enterprises increased their revenue at a compound annual growth rate of 5% over the past three years, compared with 3.5% for fragile enterprises.

Source: Gartner CIO Agenda 2020

IT budgets at fragile companies are set to grow 0.9% in 2020, compared with 2.8% for the average organization.

Source: Gartner CIO Agenda 2020
Gartner found that fit organizations exhibit specific capabilities. CIOs should tackle these capabilities in order:

- **Alignment** is the area where fit enterprises most outperform fragile. Drive alignment to ensure that the organization can stay together while shifting direction. Shifts often mean becoming more deeply, strategically digital, so it’s key to have great business leadership that promotes dynamic alignment and reaches into the IT organization.

- **Anticipation**. Fit enterprises don’t wait for circumstances to force a change in direction. Their leaders actively search out and act on emerging opportunities. IT is critical to strategy execution, and must be able to anticipate both opportunities and threats.

- **Adaptability** is the IT organization’s chief responsibility. In fit enterprises, IT executives don’t just take orders and keep costs down; they outperform by acting on the business’s terms, making the organization adaptable to change — and turning the IT organization into an instrument of change.

### Impact of each category on fitness

- **Alignment**: 47%
- **Anticipation**: 39%
- **Adaptability**: 12%

Source: Gartner CIO Agenda 2020
"Forty percent of organizations are now digitally at scale. It’s time to focus on something new: Disruption — and getting the organization fit enough to tackle disruptions and come out ahead."

Andy Rowsell-Jones  
Distinguished VP Analyst

"Even digitalized enterprises can be vulnerable to a crisis that demands fundamental change. Organizations that handle these disruptions poorly will suffer permanent structural damage."

Chris Howard  
Distinguished VP Analyst
Information Technology

The future of data and analytics is now
D&A struggles to communicate the value of data

Data and analytics (D&A) is increasingly at the heart of every organization’s digital business strategy, and D&A leaders can play a key role in creating monetization opportunities, radically improving customer experience and reshaping industries. The time is right for them to exploit data to inform smarter actions that drive better, consistent organizational outcomes.

But although D&A has the potential to embed insight and intelligence into every decision, every opportunity and every outcome, businesses across all industries continue to struggle with the ambiguity of determining the value of D&A — and executing strategies to fulfill its potential.

For organizations to make data integral to how they work, let alone use data insights to fundamentally change their value proposition, D&A leaders must be able to describe the value of D&A upfront and sell it directly to all stakeholders — in particular, articulating the value of data in driving stated business outcomes.

In the future, the value of and urgency around D&A will only increase, especially as organizations increasingly combine human intelligence with machine or artificial intelligence (AI). In our 2019 CIO Survey, CIOs picked AI as the top game-changer technology, and our recent 2020 CIO Survey indicates more than 52% have or will deploy AI in 2020.
Lack of data literacy hampers business outcomes

In most organizations, business leaders don’t really understand exactly how D&A supports their work, and D&A professionals lack sufficient understanding of business context.

D&A leaders need a new and concrete way to articulate the value of data. System architectures have historically been based on localized applications, with the application considered the asset and the data merely an input and byproduct. D&A leaders struggle to shift gears and position data as an asset in and of itself.

Also missing is sufficient alignment between D&A and business strategy. Today, too few D&A leaders ask key questions like: “With this data, or this type of insight, how can we fundamentally change the value propositions for our customers?” or “How does the business process and response change given this new insight?” Many don’t even know to ask the questions at all.

By 2020, 25% of large organizations will be either sellers or buyers of data via formal online data marketplaces.  
Source: Gartner

86% of D&A leaders say their top responsibility is defining data and analytics strategy.  
Source: Gartner
Drive consensus on the business value of data

Delivering better business outcomes requires a data-literate organizational culture that values information as an asset. Gartner research suggests that data literacy will be the single biggest determinant of a successful deployment of data, analytics and AI going forward.

Work with key business partners to build a D&A strategy that is directly linked to the key business outcomes of growth, customer experience, monetization of D&A, risk mitigation and innovation. Identify and communicate, using tangible examples, the business value of data and analytics. Champion both the tangible and intangible value of information assets. Make sure to provide analytic insight (not just data) to enable better business decision making.

Promote data literacy awareness and lead purposefully on key issues such as skills development, closing talent gaps, building the right teams and formalizing the right roles.

Align your AI capabilities to organizational ambitions by annually matching the maturity stages to your own activities for AI-powered applications and projects.

Data literacy is

“the ability to read, write and communicate data in context, including an understanding of data sources and constructs, analytical methods and techniques applied, and the ability to describe the use-case application and resulting value.”

Source: Gartner

80%

By 2023, 80% of organizations will target data literacy competencies for development.

Source: Gartner
“In this world of ambiguity — characterized by uncertainty, risk and doubt — it’s time to lead with purpose and bring clarity through data and analytics that you can rely on and, most importantly, trust. CEOs in all industries are turning to CDOs and chief analytics officers to build the digital organization of the future and achieve business objectives. D&A is the linchpin in embedding insight and intelligence into every decision, every opportunity and every outcome.”

**Andrew White**
Distinguished VP Analyst

“We expect that by 2020, 80% of organizations will initiate deliberate competency development in the field of data literacy, acknowledging the extreme deficiency that exists today.”

**Alan D. Duncan**
VP Analyst
Moving From Insight to Action

Gartner for IT Leaders

Discover how Gartner supports CIOs and IT decision makers

Gartner for IT Leaders is the definitive research and advisory resource for IT executives. Gartner equips IT leaders and their teams to drive business impact across a range of key areas including driving digital business transformation for industry leadership, digital disruption and innovation, and D&A strategies.

In addition, Gartner’s unique blend of insights, advice and tools support the success of IT leaders by:

• Leading successful digital transformations
• Leveraging innovation to drive strategic business changes
• Making smarter digital and technology decisions

Learn more

Download the key take-aways from the Gartner 2020 CIO Agenda
Download the Gartner Special Report: The Future of Data and Analytics Is Now

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Gartner equips IT executives to make the right decisions and stay ahead of change.

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