Top Insights for the C-Suite

How to Excel at Both Strategy and Execution: A Corporate Strategy Perspective
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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.
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]
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
The gap between strategy and execution is not a new problem, but closing that gap (or not) in today’s highly uncertain economic, market and competitive environments can make or break a company’s top and bottom line.

Companies are pursuing more ambitious and transformational strategies, which require a greater number of more costly enterprisewide initiatives. As a result, strategy teams are more deeply involved — and more stretched — in pushing strategy leaders to create ways to scale efforts and ensure their guidance is driving execution alignment across the firm. Investing in disciplined execution now will reduce the risk that strategic value is lost later.

Marc Kelly
VP, Team Manager
Gartner Research & Advisory
Strategy

Strategy execution as competitive advantage
Disruptive times complicate strategy execution

In the 2019 Gartner Strategy Execution Benchmark Survey, 83% of strategists said execution is more important than it was three years ago, and two-thirds said they now play a role in execution support — double the number just four years ago.

Why is this necessary? Many managers today find it hard to stay aligned with strategy, not because they don’t understand or aren’t committed to the strategy, but because they don’t fully understand how to carry it out in the continually changing and uncertain operating environment.

The unsettled external landscape injects new variables into strategic plans, creating questions about whether and how to proceed while simultaneously driving urgency to act. More complex firmwide initiatives make coordination difficult and obfuscate the impact of interconnected changes. More distributed decision makers increase the risk of duplicated effort and misaligned decisions — and make it harder to pinpoint the source of execution failures.

It is because of this highly disruptive environment that many strategists are now charged with improving execution. They review execution action plans, troubleshoot execution problems, coordinate enterprise change and support resource reallocation. But many still aren’t sure they are having an impact.
Three common problems delay strategy execution

Numerous issues complicate or delay strategy execution, but we find three are the most common problems:

1. **Managers lack insight into how their decisions impact other teams**, so well-intentioned managers tweak execution plans in ways that completely derail others downstream, for example.

2. **Unexpected events are disconcerting for managers**, diverting their focus when they most need to act. Execution veers off course as managers try to evaluate and weigh the trade-offs created by new scenarios.

3. **Pivots are underresourced and often fail** because these shifts in the execution plan are made by senior leaders who take too long to decide and are too far from operational realities, or by middle and frontline managers who understand the execution issue but lack the insight to know that the pivot will damage another part of the business.
The new strategy execution mandate

Gartner studied project-level execution data from more than 200 senior executives and midlevel managers to identify the drivers of strategically aligned execution.

The research shows that building a thorough understanding and commitment to the strategy upfront, midexecution support, and periodic changes to performance management processes and decisions all contribute to alignment. Notably, the greatest improvements occur during midexecution, when strategy’s guidance is critical to interpreting and responding to unexpected events.

Improving midexecution decisions is 60% more effective at driving strategic alignment than the upfront or periodic activities but, strikingly, strategists widely underestimate the impact of midexecution support and widely overestimate the impact of upfront and periodic alignment.

To better address the execution issues that executives and managers face today, strategists should seek to improve their execution playbook across the board to:

- Strengthen cross-silo understanding among project teams.
- Plan for trade-offs and guide the interpretation of new information.
- Equip frontline managers with the tools to pivot.

Impact of Drivers on Aligned Execution

Maximum impact on aligned execution by moving from 10th to 90th percentile

Source: 2019 Gartner Strategy Execution Change Model
“Given the uncertainty about the near future, many leadership teams either fail to make bold moves that will differentiate them or have execution breakdowns after arriving at the right strategy. Strategists can boost confidence that their enterprise will execute during volatile times by ensuring alignment among those managers charged with execution.”

Sean Kumar
Director, Advisory
Moving From Insight to Action

Gartner Strategy Leadership Council

Discover how Gartner supports strategists

Gartner Strategy Leadership Council is the definitive research and advisory resource for strategy decision makers. Gartner equips strategy leaders and their teams across a range of key areas, including corporate strategic planning, corporate strategy formulation and strategy function leadership.

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

• Implementing digital and portfolio strategies in an uncertain environment
• Staying ahead of trends that impact the firm’s growth strategy
• Elevating the effectiveness of corporate strategic planning processes
• Positioning the strategy function for success in an interconnected enterprise

Learn more

Strategy’s New Execution Mandate
Learn where strategists must focus to improve strategy execution.

Connect with Gartner today

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

Learn more about how Gartner can support your success.

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