There’s uncertainty on the horizon

Possible economic downturn  Growing trade wars  Digital disruption

These forces often require a fundamental shift in how enterprises do business. Are you prepared to land on the right side of change?
CIOs are uniquely positioned to help their organizations thrive following a crisis

Looking ahead, there are many reasons for executives to take caution. Business turns, such as acquisitions, cost pressures and changes in consumer demand, can erode the fundamentals of running a business. In trying times, fragile enterprises suffer permanent structural damage.

Yet, the 2020 Gartner CIO Agenda challenges the idea that a crisis is always something to fear. Fit enterprises emerge from these events stronger and more competitive.

What makes the difference? What allows fit organizations to thrive and gain competitive advantage when tested?

When a crisis hits, the stability that helped maximize business results in the past can get in the way of the changes the crisis demands. Leaders instinctively feel they should batten down the hatches — cutting costs or reducing risk — but this cautious approach can hurt the organization.

Enterprises that respond this way emerge from crises less able to fund business initiatives, attract the right talent, and so on. In contrast, fit enterprises take a different approach, becoming more effective after a crisis. They don’t require unique skills or scarce resources, just excellence in 10 capabilities across three critical areas:

1. Alignment
2. Anticipation
3. Adaptability

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**Fit versus fragile enterprises**

We asked survey respondents who’d experienced a crisis of high severity in the past four years how well they performed following the crisis. Enterprises that came out ahead are identified as “fit” and those that came out behind as “fragile.”

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

*Source: Gartner
Alignment: Make it dynamic

CIOs should tackle these three areas in order, starting with alignment, the area where fit enterprises most outperform fragile. Enterprises that acquire these capabilities before a crisis hits don’t suffer permanent damage from it but actually grow stronger and more competitive.

**Alignment**
The organization can stay together while it shifts to a new direction.

Even if the crisis doesn’t revolve around technology, the solution often is to make the enterprise more deeply, strategically digital. For this reason, great business leadership that promotes dynamic alignment and reaches into the IT organization is key for fit enterprises.

5 key capabilities of alignment:

- **Great leadership**
- Disciplined IT investment
- Compelling vision
- Continuous strategy
- Robust relationships

**Great leadership: A closer look**

When the enterprise changes, it needs leaders who can figure out what’s happening and make fundamental shifts to address the new business conditions. Great leaders know in what direction the enterprise must move and can instill the confidence in all stakeholders to get there.

How CIOs should respond:

- Improve decision support for business executives, identifying where they need more/better/faster/clearer data.
- Shorten decision-making time by considering what IT can automate.
Anticipation: Take more risk

Fit enterprises don’t wait for circumstances to force a change in direction — leaders actively search out and act on emerging trends. Thus, anticipation is the second area that sets fit enterprises apart. In these organizations, IT plays a critical role in executing new business strategy.

Anticipation
Leaders actively stay ahead of future opportunities and threats to surpass the competition.

3 key capabilities of anticipation:
- IT as differentiator
- Anticipating change
- Balanced risk taking

How should CIOs respond?
Embrace the agile “servant-leadership” practice of “leading from behind” to enable greater autonomy, creativity and self-management across IT.

IT as differentiator: A closer look

Fit enterprises increasingly view IT as a point of leverage for the business to gain competitive advantage. This perspective leads to differing investment patterns from fragile counterparts, for example, in emerging technologies such as artificial intelligence (AI) and robotic process automation (RPA).

AI and RPA deployment differentiate the fit from the fragile
Percentage of respondents who have already deployed or plan to deploy a technology in the next 12 months

**Fit**
1. Artificial intelligence **52%**
2. Robotic process automation **51%**

**Fragile**
1. Artificial intelligence **39%**
2. Robotic process automation **38%**

PO3_SUM2. What are your organization’s plans in terms of the following digital technologies and trends? Fit n = 218; Fragile n = 223
Adaptability: The IT organization’s chief responsibility

In fit enterprises, IT executives don’t merely take orders and keep costs down; they outperform by acting on the business’s terms. This third area, adaptability, is key to fitness.

Adaptability
IT leaders turn the IT organization into an instrument of change for the enterprise.

2 capabilities of adaptability:

• Fluid culture
• Enterprise agility

How should CIOs respond?

• Kick-start a culture change initiative within the IT organization that emphasizes a growth mindset and continuous learning.
• Identify the new behaviors you want to encourage in IT staff.

Fluid culture: A closer look
Bottom line — great leaders and a great strategy don’t matter unless employees can execute. In a crisis, employees must be able to change established habits and think in creative ways to meet a new set of challenges. In short, readiness for change becomes a cultural requirement, and IT plays a key role in building this capability throughout the enterprise.

Underpinnings of a fluid culture
Percentage of respondents in difference order

<table>
<thead>
<tr>
<th>Description</th>
<th>Fit</th>
<th>Fragile</th>
</tr>
</thead>
<tbody>
<tr>
<td>A culture of innovation that embraces appropriate risk taking and learning from failure</td>
<td>38%</td>
<td>21%</td>
</tr>
<tr>
<td>Explicit and pervasive learning culture in our organization</td>
<td>34%</td>
<td>24%</td>
</tr>
<tr>
<td>Strong sense of purpose and identify among employees</td>
<td>60%</td>
<td>51%</td>
</tr>
<tr>
<td>Employee freedom to maneuver and to create self-managed teams</td>
<td>28%</td>
<td>23%</td>
</tr>
<tr>
<td>Diversity broadly defined</td>
<td>40%</td>
<td>40%</td>
</tr>
</tbody>
</table>

H3Q14: Which of these exist in your enterprise? Fit n = 218; Fragile n = 226
About the Gartner CIO Agenda Report

Each year, Gartner conducts the world’s most influential CIO survey to track how senior IT leaders around the globe are balancing their strategic business, technical and management priorities. We then generate the annual Gartner CIO Agenda Report, which is available to Garner Executive Programs Members. The report presents findings and case studies, plus expert analysis and insight to help CIOs:

• Compare your views of the future with more than 1,000 peers
• Learn from top-performing organizations
• Refine your strategy for 2020 and beyond

This year’s survey includes:

1,070 CIOs across 64 countries

$3.5 trillion in revenue/public-sector budgets

$67.5 billion in IT spending

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