

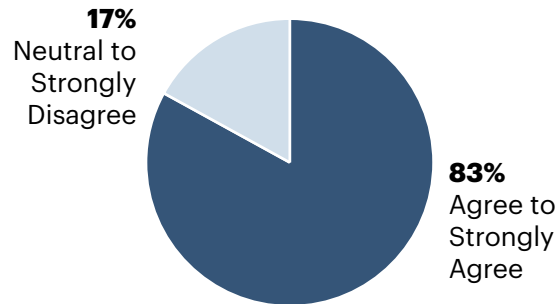


# Strategy's New Execution Mandate

Gartner®

# A Focus on Strategy Execution

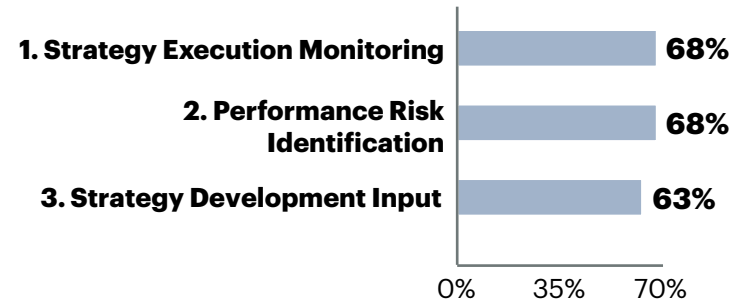
Q: "Execution Is More Important Now Than Three Years Ago"  
Percentage of Strategists



n = 30 strategists

Source: 2019 Gartner Strategy Execution Benchmark Survey

Top Priorities for Boards in Next 12 Months  
Percentage of Directors



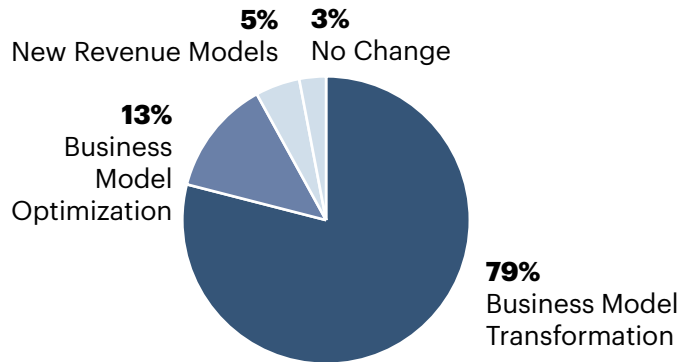
n = 432 directors

Source: 2018-2019 NACD Public Company Governance Survey.

Note: Percent rating improvement in the activity as important or very important.

# Challenge 1: More Complex, Firmwide Initiatives

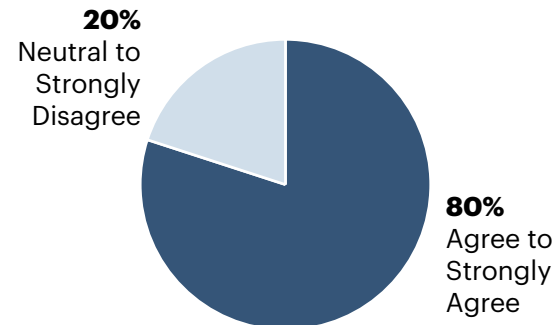
Plans for Business Model Transformation  
Percentage of Strategists



n = 58 strategists

Source: 2018 Gartner Strategy Digital Disruption Model

Q: "More Firmwide Initiatives Than Three Years Ago"  
Percentage of Strategists



n = 30 strategists

Source: 2019 Gartner Strategy Execution Benchmark Survey

## Common Challenges With Executing Complex Strategies



Hard to know impact of interconnected changes



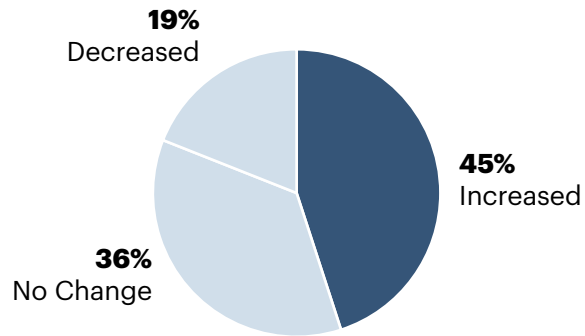
Growing array of firmwide initiatives makes coordination difficult

Source: Gartner (2019)



# Challenge 2: More Distributed Decision Making

Volume of Strategic Decisions Delegated  
Percentage of Managers, VP and Below

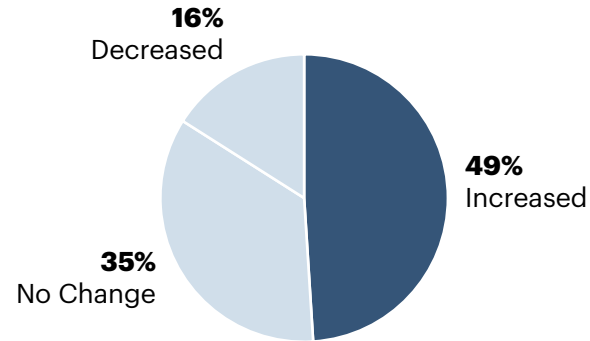


n = 407 managers

Source: 2018 Gartner Decision Making Model

Note: Managers rated change in last 3 years.

Impact of Delegated Strategic Decisions  
on Profit  
Percentage of Managers, VP and Below



n = 407 managers

Source: 2018 Gartner Decision Making Model

Note: Managers rated change in last 3 years.

## Common Challenges With Distributed Execution Decisions



More decision makers can  
introduce misalignment

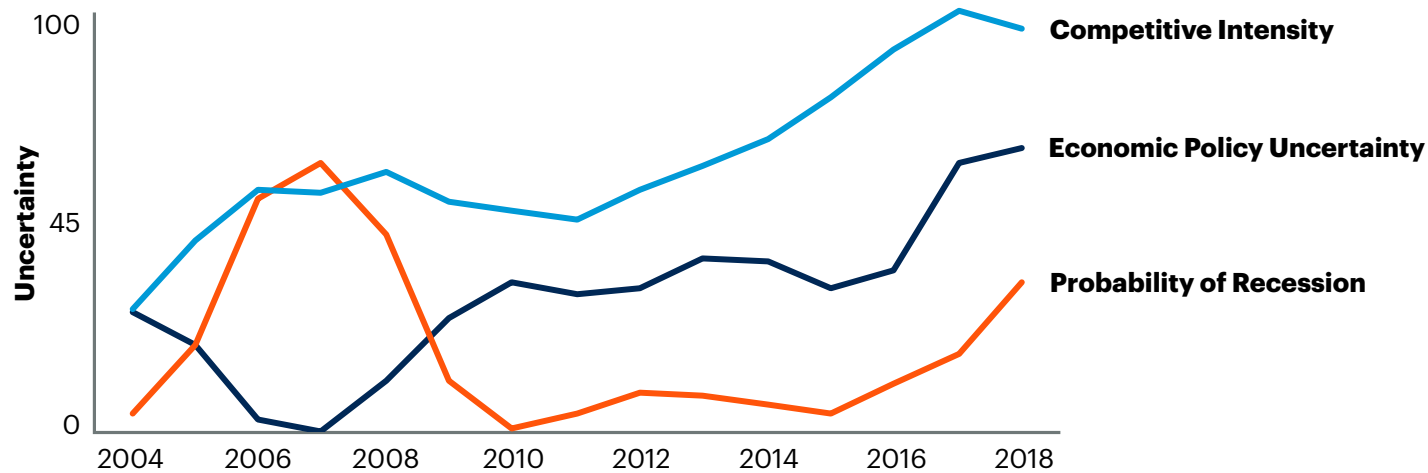


Harder to pinpoint source  
of execution failures

Source: Gartner (2019)

# Challenge 3: More Uncertain Environment

Market Uncertainty Indicators, 2004 to 2018  
Rolling 3-Year Averages, Scaled on Max Range Available



Source: Adapted from New York Federal Reserve Bank; [policyuncertainty.com](http://policyuncertainty.com); Kauffman Institute

Note: Recession risk predicted by treasury spread from 10-year bond rate to 3 month bill rate. Geopolitical uncertainty measured by Global Economic Policy Uncertainty Index, indexed to a maximum of 100. Competitive intensity measured as the average of top player dominance in industry and Kauffman Early Stage Entrepreneurship Index.

## Common Challenges With Executing Under Uncertainty



Uncertainty calls plans into question



No single version of the truth

Source: Gartner (2019)

# Result: Aligned Execution is Harder to Achieve

## Implications of the New Execution Environment



### Execution Complexity

- Ambitious, firmwide initiatives
- Distributed decision making
- More uncertain environment

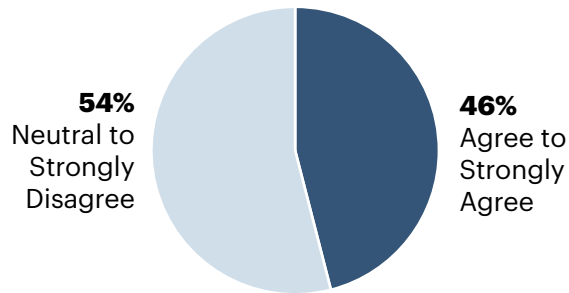


### Misalignment Risk

- Unexpected cross-silo coordination needs
- More decisions made with less visibility
- Different responses to new information

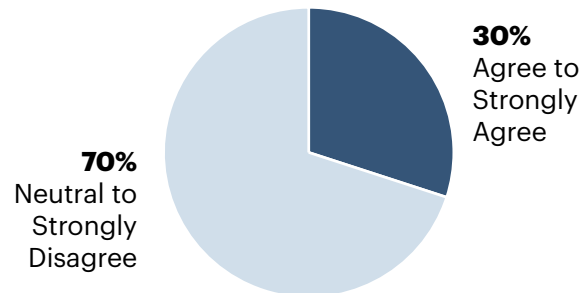
Source: Gartner (2019)

Q: "My Efforts Are Aligned With Strategy"  
Percentage of Executives and Managers



n = 207 executives and managers  
Source: 2019 Gartner Strategy Execution Change Model

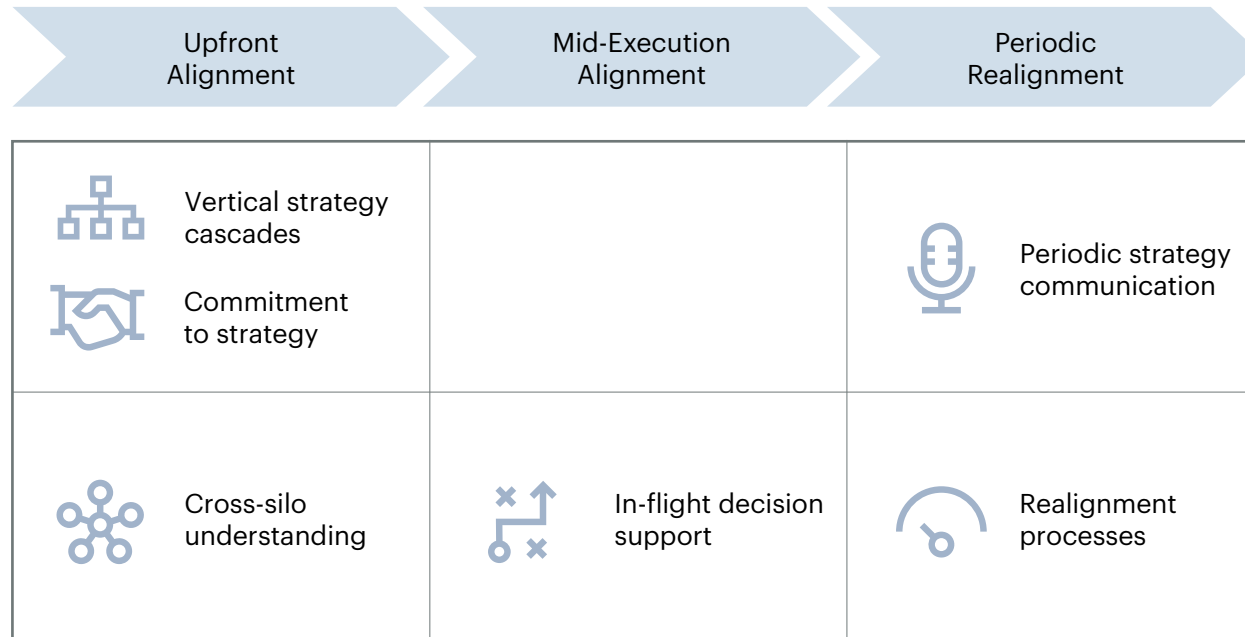
Q: "Execution Efforts Are Aligned With Strategy"  
Percentage of Strategists



n = 30 strategists  
Source: 2019 Gartner Strategy Execution Benchmark Survey

# Shifts in Where Strategists Must Focus Efforts

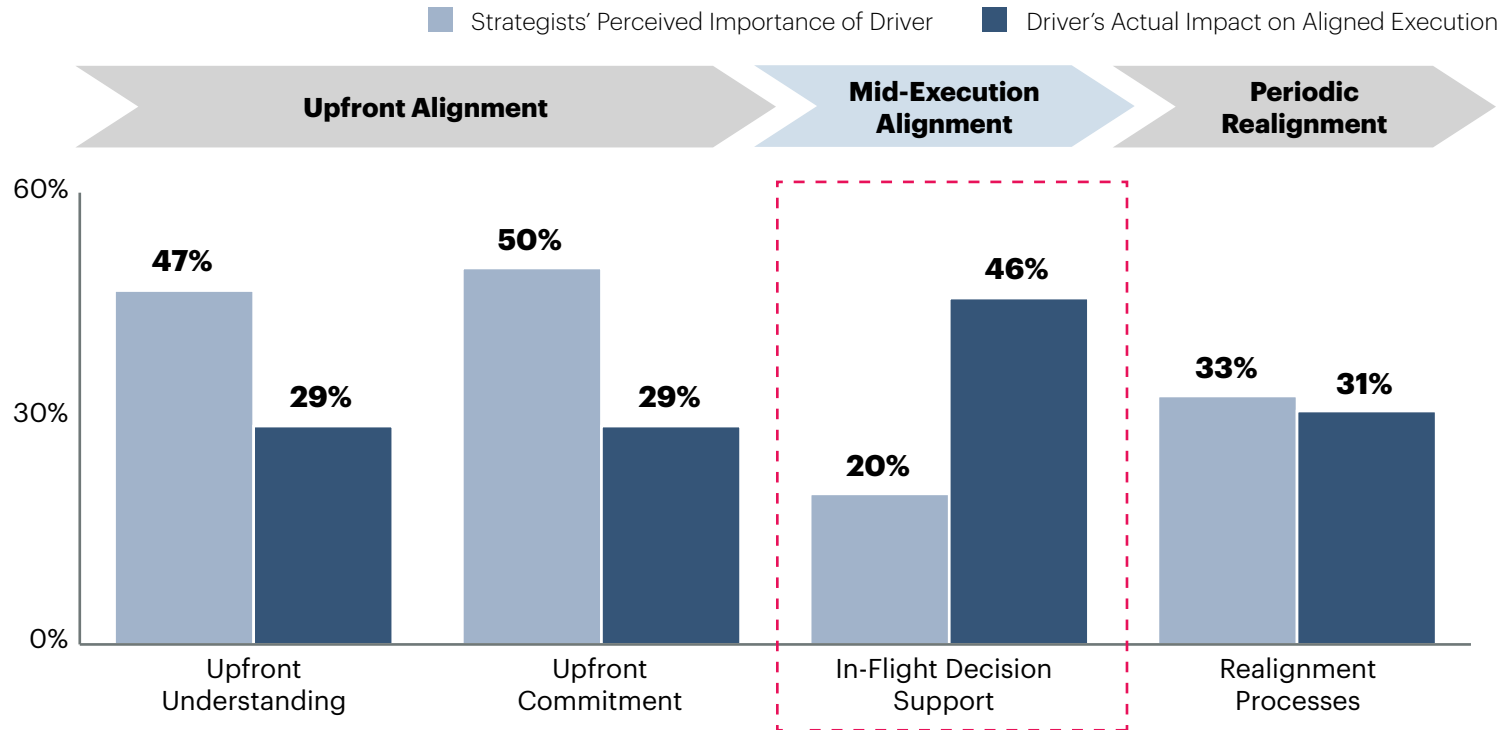
Significant Drivers of Aligned Execution



n = 207 executives and managers  
 Source: 2019 Gartner Strategy Execution Change Model

# Underestimating Strategy's Mid-Execution Role

Strategists' Perceived Importance of Driver and Actual Impact on Aligned Execution



n = 30 strategists; 188 executives and managers

R<sup>2</sup> = 0.59

Source: 2019 Gartner Strategy Execution Benchmark Survey; 2019 Gartner Strategy Execution Change Model

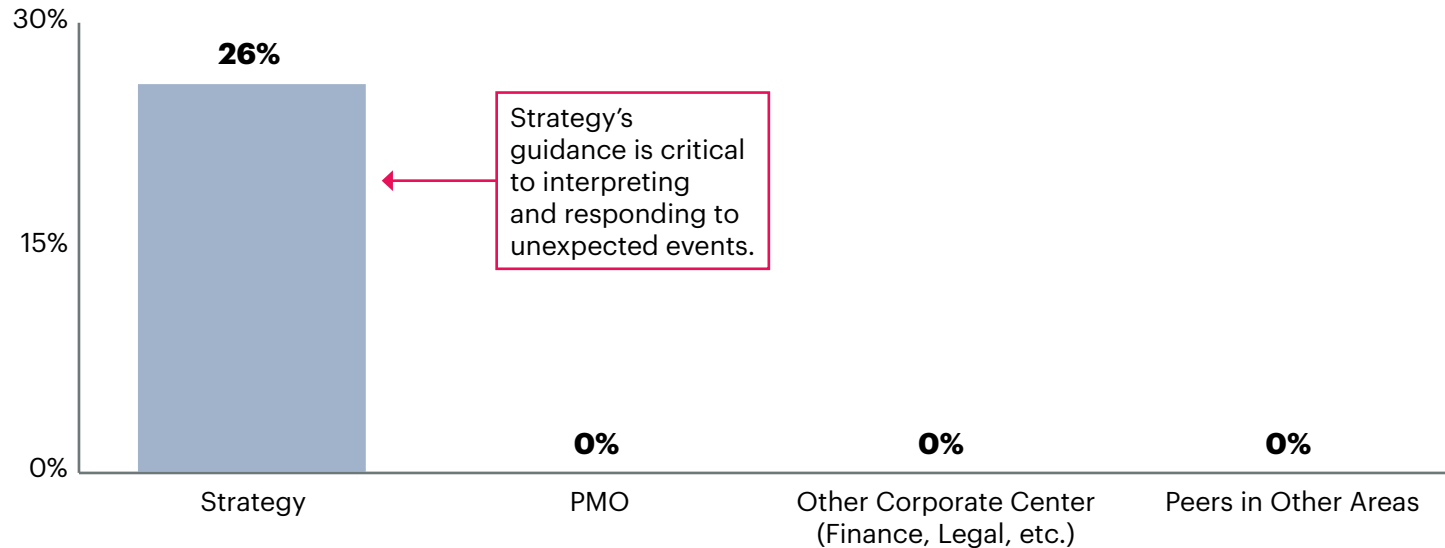
Note: The maximum impact associated with a driver represents the percentage of the maximum change in outcome that can be achieved from a 10th percentile to a 90th percentile improvement in that driver. For strategists' importance, percent is the percent rating driver important or very important.



# Only Strategy Improves Mid-Execution Decisions



Degree That Support Source Improves Managers' Aligned Execution  
Maximum Impact on Aligned Execution by Moving From 10th to 90th Percentile



n = 207 executives and managers

R<sup>2</sup> = 0.16

Source: 2019 Gartner Strategy Execution Change Model

Note: The maximum impact associated with a driver represents the percentage of the maximum change in outcome that can be achieved from a 10th percentile to a 90th percentile improvement in that driver. The impact of drivers with 0% was not statistically significant at the 95% confidence level.

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