Advancing Strategy to Thrive in the Digital Age

The executive summary of new research developed by Economist Impact and commissioned by Planview

Digitalization is imperative.
Yet waste is rampant from decision making to delivery.

WHY IT MATTERS

Across virtually every industry, we are seeing the realities of "adapt, evolve, or die." Yet a new study shows that 85% of executives say their organization's ability to adapt to change falls short.[1]

Between economic instability, market disruptions, and technological advancements like AI and machine learning, the imperative for digital transformation is only growing – as are digital transformation investments.

But what we're also seeing is an alarming rate of inefficiency and waste in digitalization, rooted in disconnects in strategy implementation. In fact:

- Only 8% of what's planned by teams is actually delivered[2]

- 70% of digital transformations are under-delivering ROI[3]

And perhaps most shockingly: **Only 14% of respondents expressed confidence in their company's decision-making governance.**[1]

The key for survival lies in closing the gap between strategy and delivery, with 86% of executives acknowledging the need to improve accountability in strategy implementation.[1]
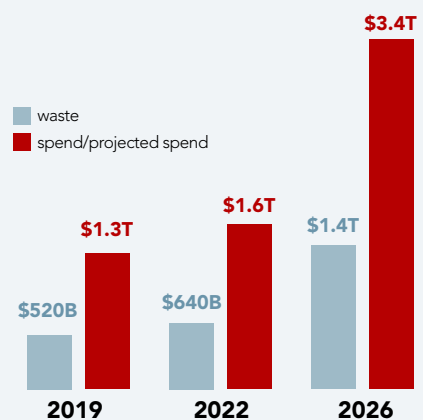
40% of digital innovation work is wasted[2]

$520B $1.3T 2019
$640B $1.6T 2022
$1.4T $3.4T 2026

■ waste
■ spend/projected spend

Fig. 1. digital transformation spend[4] vs. digital innovation waste

THE BIG PICTURE

Future-Proofing Your Strategy Implementation

To illuminate how businesses can become more skilled at strategy implementation, Economist Impact, commissioned by Planview, undertook a global survey in April and May 2023 of 600 executives across seven countries and six industries.[1] The findings revealed essential requirements that formed the basis for five recommendations, collectively driving successful strategy implementation.

The recommendations highlighted here – alignment, accountability, resourcing, agility, and culture – are not isolated or sequential. Instead, leaders should view them as an interconnected and interdependent framework for driving change: a blueprint for bridging the strategy-implementation gap.

1. Align key stakeholders during both strategy design and implementation.

Early engagement grounds the strategy in the realities of the business and helps build buy-in.

- Key stakeholders should be engaged and aligned during both strategy design, planning, and implementation. Experts see missed opportunities during the planning phase.

- Two-way communication with stakeholders during both strategy design and implementation is critical, but only about half (48%) of executives say they prioritize this when communicating strategy to employees.

- **A unified reporting system and a common taxonomy to support at-will data access and a common monitoring framework are essential to enable transparent and continuous communication.**

- Successful alignment efforts spark a sense of purpose among stakeholders so they connect daily work to strategy.

Over

80%

acknowledge the need to enhance their company's internal communication, cross-functional collaboration, and employee engagement

2. Drive accountability through targeted outcome-based performance metrics, monitoring, and reviews.

Accountability in strategy implementation can be improved through connected goal-setting, performance monitoring practices, and holistic data management systems.

- The vast majority of respondents think their organization needs to improve accountability in strategy implementation (86%), as well as goal-setting and performance-monitoring systems (84%).

- Organizations should focus on **creating a culture of responsibility. This involves setting clear expectations, defining roles, and monitoring progress toward goals.**

- Unique outcome-based Objectives and Key Results (OKRs) designed for different departments and teams, as well as periodic reporting and review processes, should capture a strategic initiative's progress and business impact.

- A core system of record should integrate data from across the enterprise with overarching strategic objectives and key results. But about one-third of organizations report challenges related to process, metrics, and data as critical hindrances in evaluating the implementation of strategy-related initiatives.

- The availability and quality of data often pose significant challenges to evaluation. **Improving data management systems to ensure accuracy and consistency, integrate data sources, and implement governance best practices can bridge gaps in achieving strategic objectives.**

84%

say their organization needs to improve goal-setting and performance-monitoring systems
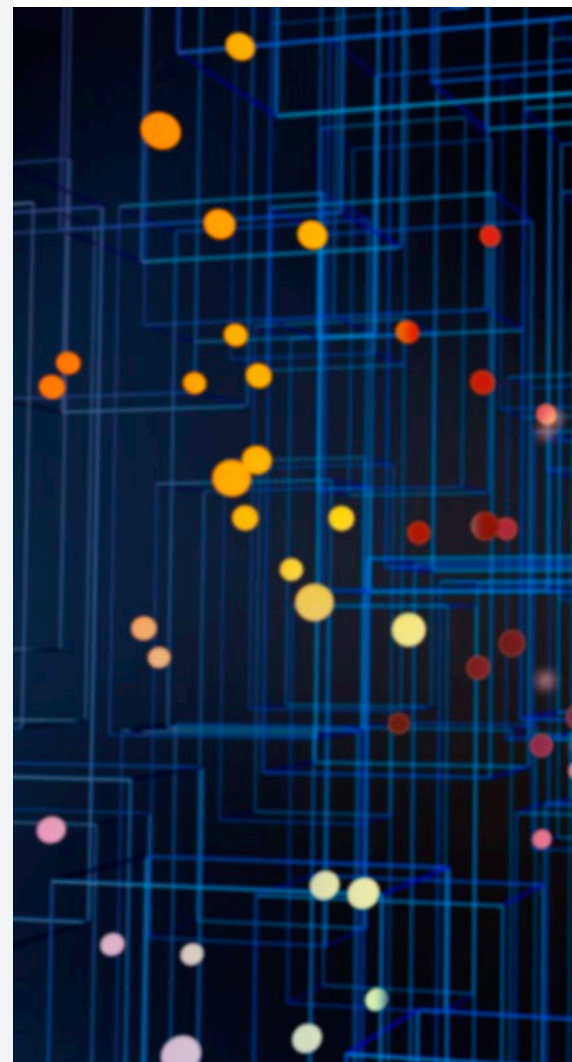
3. Prioritize strategic initiatives to improve resource allocation.

Prioritization can surface necessary trade-offs and free up resources required for success.

- A strategy cannot be successfully implemented without sufficient resources. Yet only 20% of respondents are confident in the resources allocated for implementation.

- Strategic initiatives should be prioritized against a set of common criteria. **As part of the prioritizing process, organizations should assess whether the organization possesses the necessary resources (e.g., money, time, technology) to achieve a specific strategic objective.**

- Prioritization also helps surface trade-offs necessary to free up required resources and increases the likelihood of allocating sufficient resources, thereby driving success.

- Executives should get ahead of prioritization by pairing real-time data against their strategic vision, and then following through with strong leadership, regular reviews, and effective communication.

Only

20%

are confident in the resources allocated for implementation

4. Embed agility in strategy design, planning, and implementation.

Companies should foster agility through responsive, customer-centric and data-driven approaches integrated into culture as well as governance, analytics, and reporting practices.

- A significant majority of executives (85%) say their organization's ability to adapt to change falls short.

- **Companies can foster agility through responsive, customer-centric and data-driven approaches spanning culture, governance, analytics and reporting, and digital technologies.**

- Strategic course corrections are crucial – but companies should find the right balance between stability and adaptability. A strategy cannot be overhauled every few months, but specific initiatives and OKRs can be evolved to address market changes.

- Agile organizations should be able to reallocate resources to support a new set of priorities while understanding the impact of such decisions.

85%

say their organization's ability to adapt to change falls short

5. Build a culture that reinforces strategic objectives.

Leaders should think carefully about whether organizational values and governance structures align with strategic objectives.

- Culture shapes employees' engagement, receptivity to change, and willingness to be open about challenges.

- **By acknowledging failure as a stepping stone for course correction and achieving success, companies can create a culture that fosters agility, adaptability, and resilience in strategy design and execution.**

- Leaders must ensure alignment between organizational values and governance structures, and strategic objectives. Just 14% of respondents expressed confidence in their company's decision-making governance.

- Effective governance structures inspire teams by providing clear visibility into how actions will be rewarded.

- Regular communication, employee engagement, capacity development, performance management, and reward systems should all foster the desired culture.

84%

recognize the need to improve data-driven decision making

THE BOTTOM LINE

Advance Your Digitalization Strategy

Successful strategy implementation was a widespread challenge for companies even before digitalization and other macro forces began supercharging the pace of change this century. In a sense, the urgent need for agility is synonymous with organizations' need to transform an updated (or entirely new) strategy into results.

The good news is that the blueprint for bridging the strategy-implementation gap is clear: it requires stakeholder alignment, data-driven accountability, prioritizing for smart resourcing, agility, and the right culture – as well as the right technology to enable all these things.

GO DEEPER

Read *Bridging the Gap: Turning Strategy Into Reality*, written by Economist Impact and commissioned by Planview.

Get the full report at Planview.com.

Sources:

1. Bridging the gap: turning strategy into reality. The survey, developed by Economist Impact and commissioned by Planview, was fielded across seven countries (Australia, France, Germany, New Zealand, Singapore, United States and the United Kingdom) and six industries (business & professional services, financial services, healthcare & life sciences, IT/technology, manufacturing, retail & FMCG). Most surveyed companies have annual revenues above US$1 billion.

2. Planview 2023 Project to Product State of the Industry Report

3. The "how" of transformation

4. Spending on digital transformation technologies and services worldwide from 2017 to 2026

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