

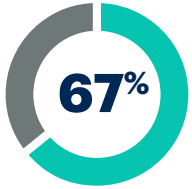
Gartner®

Strategic Planning Essentials

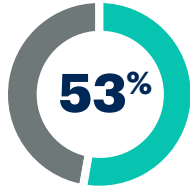
How to avoid 7 costly planning mistakes —
featuring a one-page template to communicate
your plan



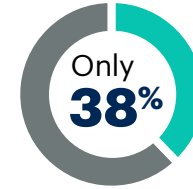
In a volatile world, strategy and its execution can quickly go off course



of strategy leaders say there's more than a 50% chance that their **plans will need to change** after they have concluded annual planning.



of business leaders responsible for strategy say their enterprise **fails to achieve its strategic objectives.**



of business leaders say their enterprise **can change plans fast enough** to respond to market changes.

Sources: 2022 Gartner Strategy Adaptive Planning Survey; 2022 Gartner Barriers to Continuous Strategy Execution Survey; 2022 Gartner Strategy Business Partner Planning Perspectives Survey

Turn strategy into action with seven common-sense actions

Surprisingly few executives know how to get what they need out of strategic planning. Unclear objectives, poor processes and disengaged business leaders are just a few of the reasons that strategy turns too slowly into action.

These seven actions will help you produce high-quality strategic plans that will be successfully executed yet responsive to change.

- 1 Focus first on **a minimally viable strategy**.
 - 2 Customize planning activities **for participants**.
 - 3 Sketch out **initiative design** early on.
 - 4 Be clear about **who owns what**.
 - 5 **Cascade plans** side to side, not just top-down.
 - 6 Focus **performance measures** on key assumptions.
 - 7 **Pressure-test plans** against a few future scenarios.
- ★ **Bonus feature:** One-page template to communicate your strategic plan

1

Focus on designing a minimally viable strategy

Avoid this mistake: Striving to create a comprehensive strategic plan all at once



Organizations able to **change plans fast** are 198% more likely to capture the full potential of opportunities created by external events.

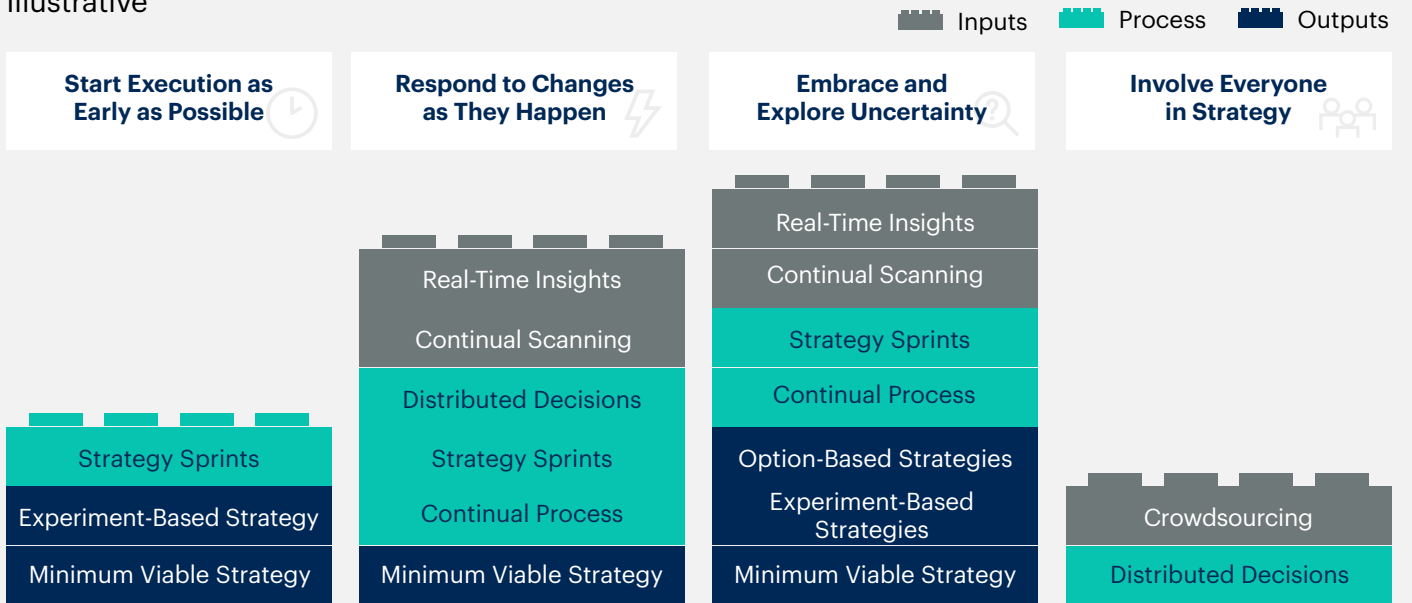
Source: 2022 Gartner Strategy Adaptive Planning Survey

When markets change frequently, a fully integrated, comprehensive plan can work against you, as it doesn't leave space to add or easily adjust plans.

Minimally viable plans, however, enable the organization to better embrace the core tenets of an adaptive organization.

Adaptive Strategy Building Blocks

Illustrative*



Note: Gartner research has identified nine building blocks that organizations use as part of an adaptive strategy process. Select those most relevant to establishing your required adaptive strategy practices.
Source: Gartner

2

Customize planning activities to meet participants where they are

Avoid this mistake: Streamlining or standardizing planning efforts just to lower total cost/time



Fast plan changes are 3.4 times more likely to happen when the business is **engaged in planning**.

Source: 2022 Gartner Strategy Adaptive Planning Survey

You need business-compatible planning experiences to be more relevant, convenient and practical. See example at right.

Compatible Planning Experiences: The New Adaptive Planning Paradigm



Source: Gartner

3

Sketch out initiatives to make sure the resources exist

Avoid this mistake: Delegating design of strategic initiatives without testing their feasibility



When funding is lacking, **45% of strategic initiatives fail.**

Source: 2022 Gartner Strategy Long-Term Initiative Resourcing Survey

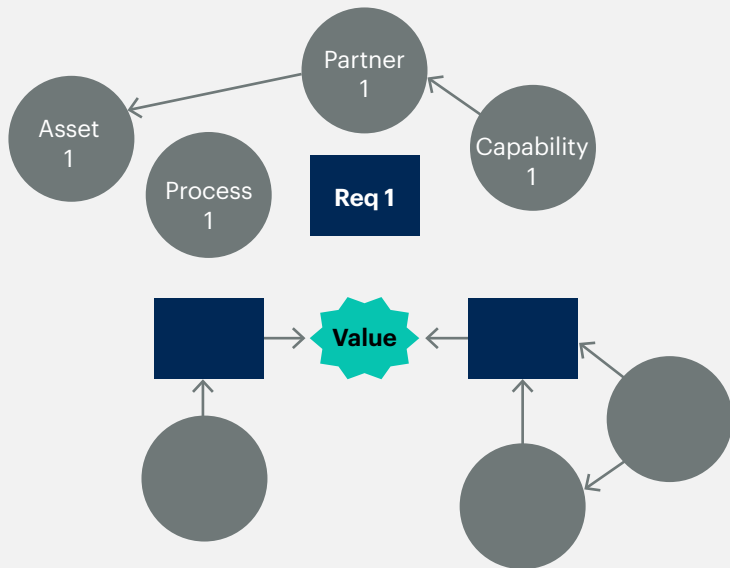
As firms take on more transformational initiatives, it has become harder for stakeholders to pressure-test assumptions about what resources an initiative will need to reach its goals.

Create visual maps (example at right) for how an initiative plans to use resources, capabilities, assets and internal processes to create value.




This helps to pressure-test each part of the resource plan and identify flaws in the initiative's design early.

 **Related tool for Gartner clients**
Gartner Initiative Accelerator

Initiative Value Map



Source: Adapted From ReadyAlly*
*Pseudonym

-  **Value Creation Requirements**
Technical conditions that must be met to enable the initiative to capture value
-  **Value Driver**
 - **Internal:** Assets, capabilities, processes, resources, etc.
 - **External:** Suppliers, partners, etc.
-  **Relationships**
Map dependencies between value requirements and individual value driver nodes

4

Be clear about who owns what

Avoid this mistake: Assigning project ownership right before execution



59% of organizations that are fully successful at achieving strategic objectives have clearly **assigned responsibilities** across the enterprise.

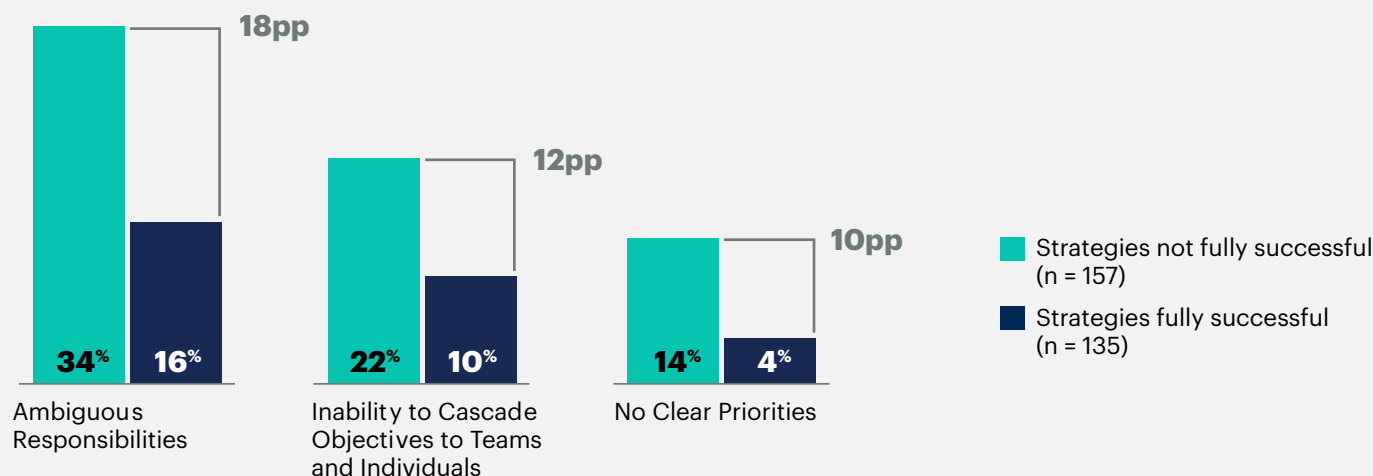
Source: 2022 Gartner Barriers to Continuous Strategy Execution Survey

All good execution starts with a clear direction. If you don't know what is expected or desired, how are you going to accomplish the outcome?

Your strategic objectives should specify both responsible owners and execution teams. Transparency is key, as it enables executive leaders to proactively address risks that could impact outcomes. It also enables the enterprise to quickly adapt or adjust course as priorities and outcomes change.

Three Key Challenges Impacting Successful Execution of Strategic Objectives

Showing Difference in Percentage of Respondents to Select



n varies by cohort, business leaders responsible for enterprise business or IT strategy
 Q: Which challenges your organization's ability to achieve strategic objectives?
 Source: 2022 Gartner Barriers to Continuous Strategy Execution Survey
 Note: pp = percentage points

5

Cascade plans side to side, not just top-down

Avoid this mistake: Turning strategy cascades into a one-way, top-down communications activity



When **objectives are cascaded**, organizations have two times the impact on succeeding with strategic objectives.

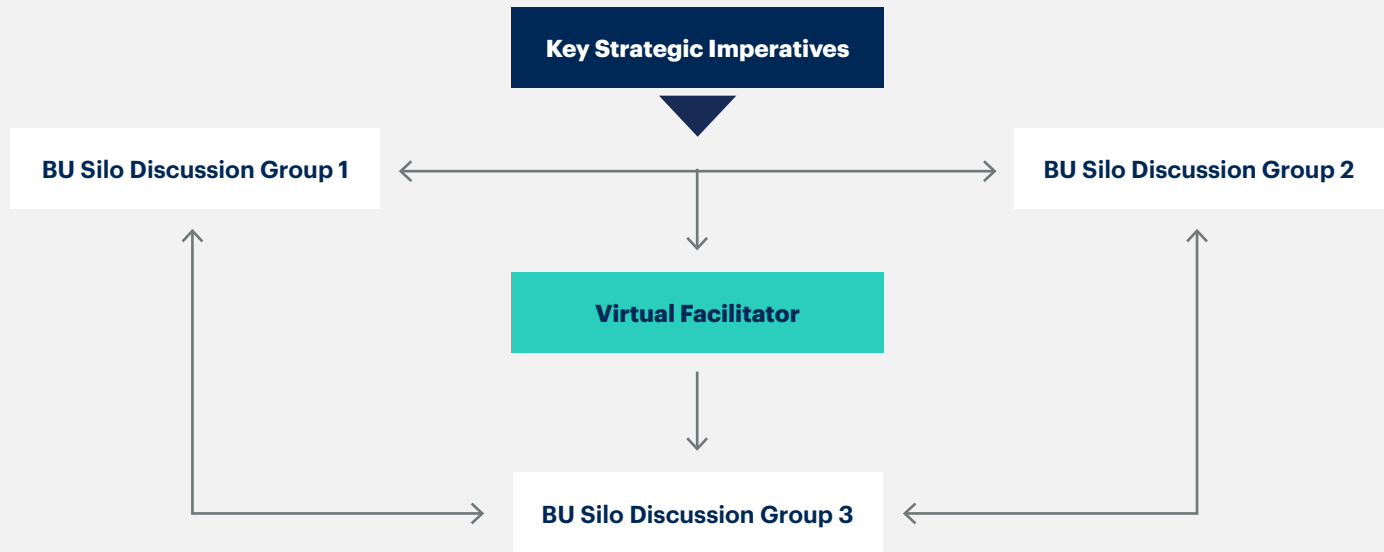
Source: 2022 Gartner Barriers to Continuous Strategy Execution Survey

Simply building a strategic plan and cascading it downward in the organization doesn't work given today's interconnected enterprise strategies, such as digital transformation.

It's critical to map out and promote cross-silo understanding before planning and executing initiatives to make sure the managers involved know how their work affects others in the organization.

Virtual Cross-Silo Strategy Cascade

Sample Structure of Regional Events



Source: Gartner

6

Focus performance measures on key strategic assumptions

Avoid this mistake: Tying initiatives to metrics that relate mostly to day-to-day performance



Limit your plan to four to seven key assumptions that have the **greatest impact**, to minimize barriers to execution.

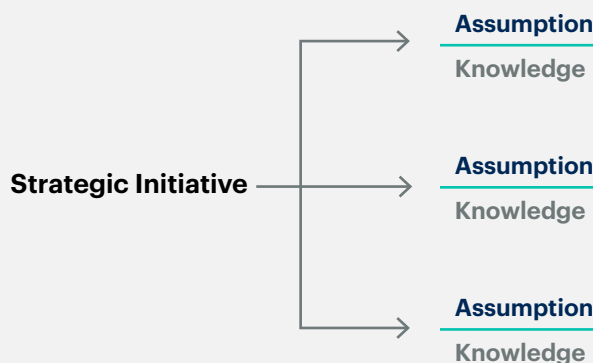
Source: Gartner Corporate Strategic Planning Research

Focus performance metrics on key assumptions, not outputs, to help the organization navigate uncertain environments without losing clarity on its strategic direction. This enables teams to be more decisive and better aligned with strategy throughout the course of execution.

Measures that can validate core assumptions help organizations with their “assumption-to-knowledge” ratio, surfacing causes of current performance issues and improving confidence to pivot during execution.

 **Related tool for Gartner clients**
Gartner Score Maturity Assessment

The Assumption-to-Knowledge Ratio Structure



Source: Gartner

Ratio Definition

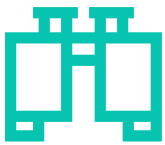
Assumption: What things must be true for this to work?

Knowledge: What do we know (or need to) about this?

7

Pressure-test plans against a limited set of future scenarios

Avoid this mistake: Under- or overinvesting in how future scenarios might change strategic plans



Only 38% of organizations that use **trendspotting** have a defined or formal process for it.

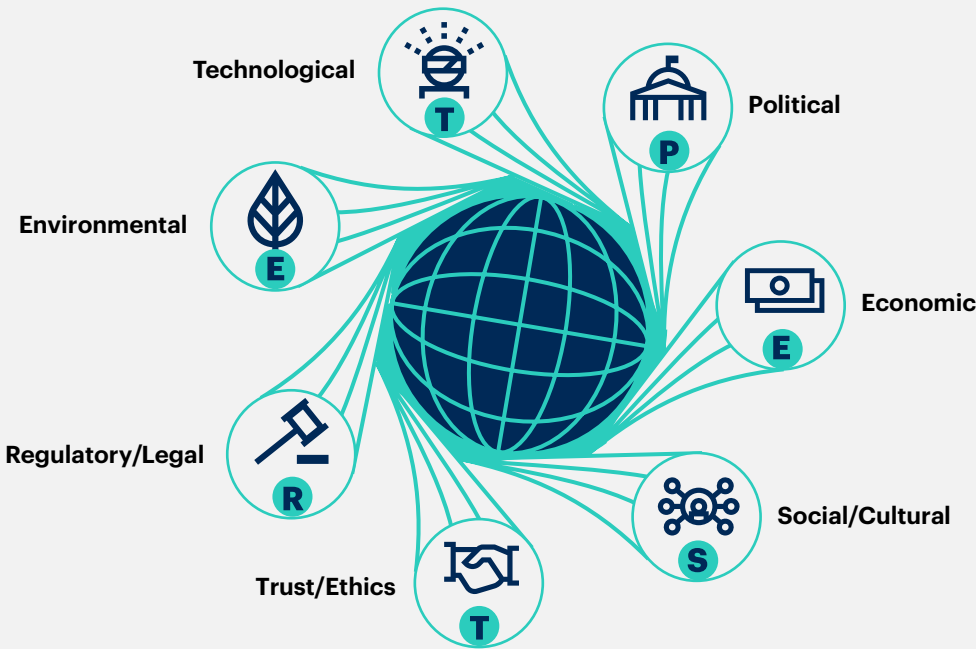
Source: Gartner Trendspotting Survey 2021

Scenario planning is a purposeful approach for exploring changes in the operating environment to assess potential opportunities and risks.

Function, business and enterprise leaders must incorporate key assumptions about a range of such issues into their strategic plans, specifying cause-and-effect relationships and interdependencies.

However, this is a practice most executives overthink. We suggest taking an 80/20 approach by focusing on just a few likely scenarios to help pressure-test the viability of chosen strategic initiatives and investments.

A Tapestry (TPESTRE) of Trends







Source: Gartner

Bonus: Use a powerful visual to communicate your function's strategic plan

Strategic plan for your IT function





This is an example. Use the fillable template on page 12 to customize for your needs.

Business Objectives	Business/IT Capabilities	Strategic Actions	Strategic Roadmap
			3Q20##4Q20##1Q20##2Q20##
 Profitable growth	Digital channel management	(APIs) to support channel integration	<div>Initiative 1</div> <div>Initiative 2</div> <div>Initiative 3</div>
 Operational excellence	Optimized warehouse operations (order fulfillment)	Increase warehouse automation with robotic process automation (RPA)	<div>Initiative 1</div> <div>Initiative 2</div> <div>Initiative 3</div>
 Customer experience	Data-driven customer engagement	Build a scalable, cloud-based customer data platform	<div>Initiative 1</div> <div>Initiative 2</div> <div>Initiative 3</div>
 Compliance excellence	Compliance management (e.g., GDPR)	Update data controls and process management	<div>Initiative 1</div> <div>Initiative 2</div> <div>Initiative 3</div>
Enabling Changes and Initiatives			
<ul style="list-style-type: none">Transition to a product-centric delivery modelIdentify and run a pilot for product-centric deliveryIncrease cloud-based infrastructure capacityUpdate to latest version of ERP			<div>Initiative 1</div> <div>Initiative 2</div> <div>Initiative 3</div>
Key Dependencies and Risks			Metrics/KPIs
<ul style="list-style-type: none">Channel sales capability changes (marketing)Warehouse optimization (supply chain)Data classification coding (corporate risk)Customer data initiatives (e.g., sales and finance)Product-centric delivery (across multiple functions)			<ul style="list-style-type: none">Year-over-year growth in channel sales ordersDecrease backorder fulfillment timeIncrease click-through rate on product recommendationsYear-over-year decline in number of compliance issuesDecrease cost per user of ERP

Strategic plan for your IT function

Type in the fields below to complete the interactive form.



Business Objectives	Business/IT Capabilities	Strategic Actions	Strategic Roadmap			
			3Q20##	4Q20##	1Q20##	2Q20##
 Profitable growth						
 Operational excellence						
 Customer experience						
 Compliance excellence						
Enabling Changes and Initiatives						
Key Dependencies and Risks			Metrics/KPIs			

Actionable, objective insight

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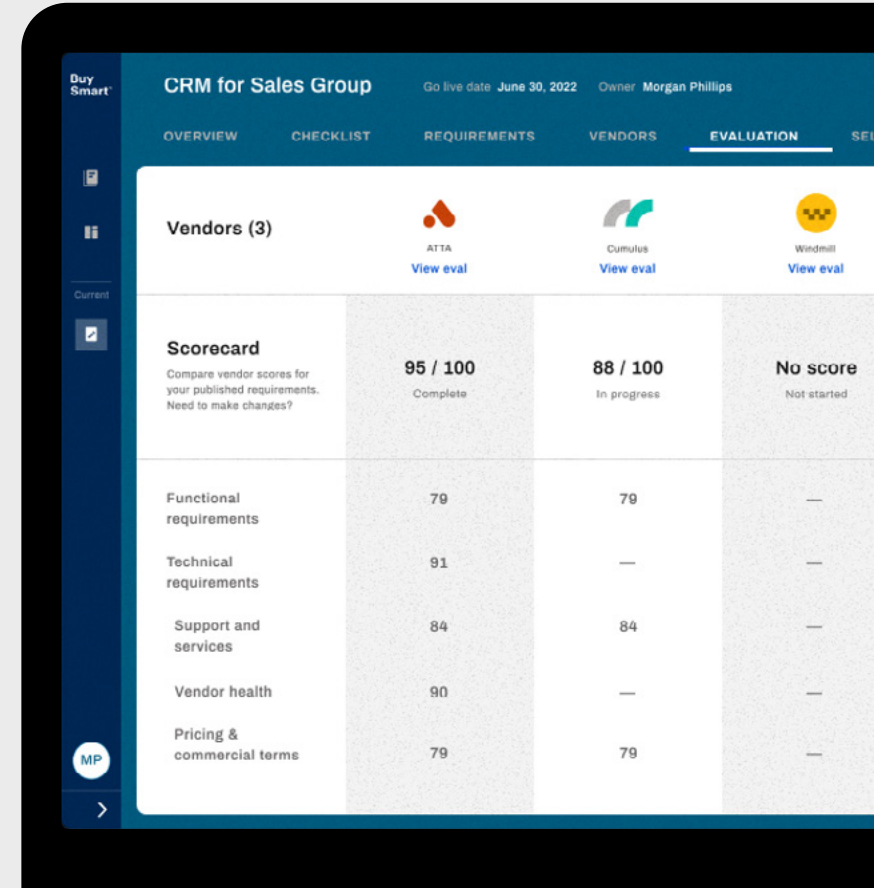
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