Gartner®

2019-2020 Annual Edition

Top Insights for the C-Suite

How to Excel at Both Strategy and Execution:
A Supply Chain Perspective

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**How to Excel at Both Strategy and Execution:
A Supply Chain Perspective**

A Perspective From Mike Harris

Executive Vice President
Research & Advisory, Gartner

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.
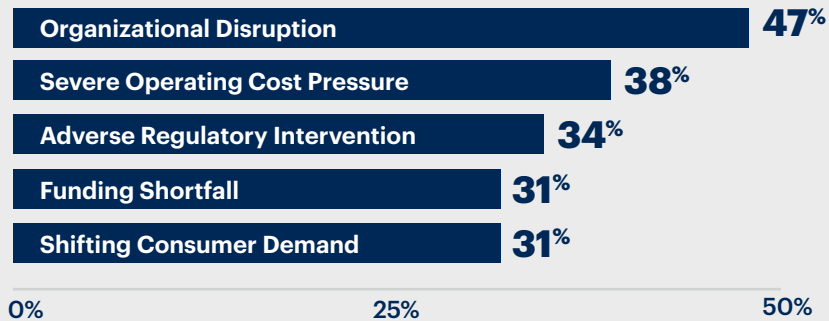
A Perspective From Mike Harris continued

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.

Types of Disruption Over the Past Four Years
Percentage of Respondents, Multiple Responses Allowed

Organizational Disruption	**47**%
Severe Operating Cost Pressure	**38**%
Adverse Regulatory Intervention	**34**%
Funding Shortfall	**31**%
Shifting Consumer Demand	**31**%

0%   25%   50%

N=1,070
Q: Has your organization faced any of these situations in the past four years?
Source: 2020 Gartner CIO Survey

A Perspective From Mike Harris continued

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.
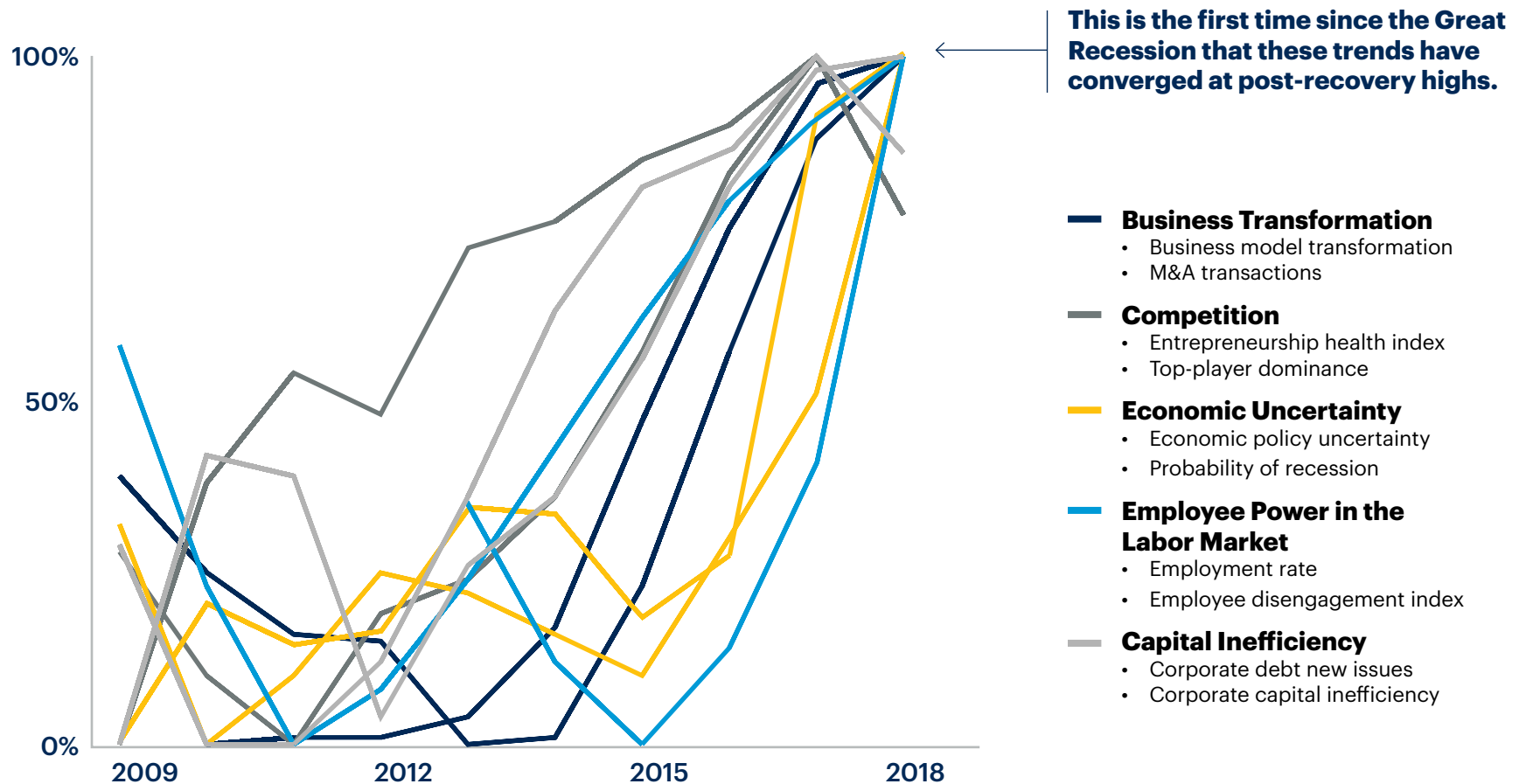
These practice-specific insights tackle the very real changes that functional leaders face in their own areas of the organization — from the lack of critical skills and capabilities to evaluating risks and speaking data as a second language — as well as their imperative to execute against the enterprise objectives.

Best regards,

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

What supply chain leaders should know

Supply chain executives must prepare and lead by building agility into systems, processes and decision making. Personalization at scale, leveraging ecosystems and driving business-led digital strategies are this year's most common trends among heads of supply chain. Top-performing supply chain leaders not only stay ahead of the latest trends, they defy conventional thinking during disruptions, with the most successful taking risks in "the turns," whether they be economic, geopolitical, environmental, social or competitive.

The Gartner Supply Chain Top 25 is about leadership. Every year we identify the companies that best exemplify the demand-driven ideal for today's supply chain and document their best practices, which can help all companies move closer to their demand-driven goals.

Mike Griswold
VP Analyst
Gartner Research & Advisory
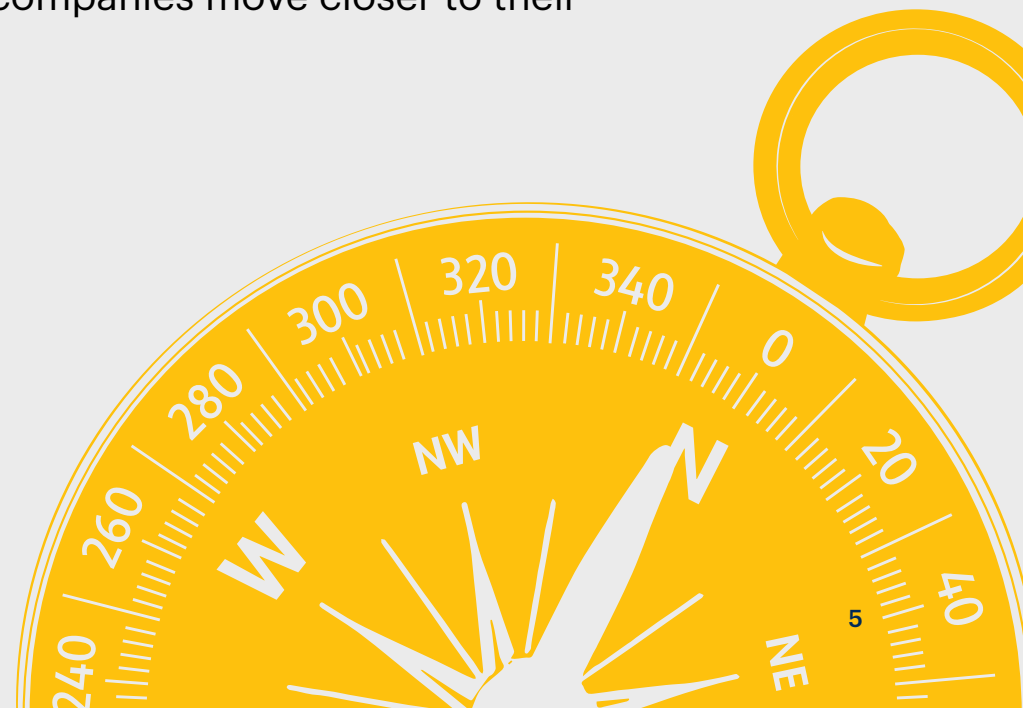
Supply Chain

Adopt the right supply chain technologies to drive business goals

Supply chains are under pressure to invest in new technology

Supply chains are looking to invest in new technologies to optimize costs, meet increasing customer expectations and enhance their decision-making ability. However, the hype and buzz surrounding many technologies complicates the ability of supply chain leaders to identify solutions relevant to their current and future business needs.

Organizations are feeling the pressure to keep up with industry leaders, early adopters and the pace of change in technology, or they risk missing an opportunity for potential competitive advantage. However, pursuing the latest trend without alignment to the supply chain organization's strategy is a costly and ill-advised proposition.

39%

of chief supply chain officers plan to implement, but have not started to actively define, a digital supply chain roadmap.

Source: 2018 Gartner Digital Supply Transformation Survey

81%

of supply chain leaders say it's challenging to scale new experimental innovation into operational production use.

Source: 2018 Gartner Digital Supply Transformation Study

Risks of falling behind the competition

It is essential to understand where your business is going in the future and to define what capabilities the supply chain must put in place to meet future digital business needs. But few companies have yet begun to implement a roadmap to plot a direction and timeline for reaching a desired future state for their digital supply chain. Among those businesses that do have active plans, the focus is typically on efficiencies for current, not future, needs.

Companies that fail to define which capabilities the supply chain requires to meet future digital business needs risk falling behind their competitors in the race to embrace digital business.

Supply chain leaders need a mindset and practices that can accommodate and embrace perpetual change, and a plan for the longer-term horizon. Without these things, their organization will be unable to respond to the disruption that supply chains will feel from new and innovative technologies — and will fail to convert those innovations into value.
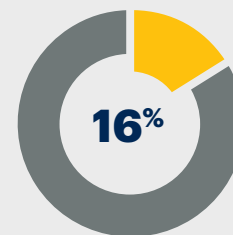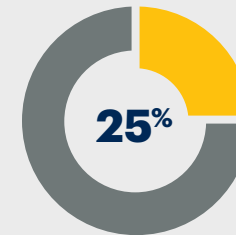
47%

Only 47% of companies are actively defining or implementing a digital supply chain roadmap.

Source: 2018 Gartner Digital Supply Transformation Survey

"Will your digital initiatives focus on supporting new business model designs?"

16%

Yes, over the next 2 years

25%

Yes, in 2 - 5 years

Source: 2018 Gartner Digital Supply Transformation Survey

Learn from leaders with the Gartner Supply Chain Top 25 research

Every year, Gartner experts study the supply chains of hundreds of companies to identify examples of best practices and capabilities. The Gartner 2019 Supply Chain Top 25 shows that leading firms tend to be early adopters of new business concepts and technologies, and they strategically align their supply chain digital capability roadmaps with their broader digital business transformation.

Organizations are also looking to invest in new technologies to optimize costs, meet increasing customer expectations (i.e., visibility, speed of service, personalization) and enhance their decision-making ability.

The key technology trends that chief supply chain officers must be aware of are:

- **Artificial intelligence.** This remains one of the most talked-about technologies within supply chains, with the primary benefits seen as improving efficiency and reducing costs.

- **Advanced analytics.** As supply chain organizations strive to become more advanced, they are leveraging end-to-end data insights for intelligent, end-to-end decision making.

- **Internet of Things (IoT).** As the number of IoT devices continues to increase, IoT is providing functional domains within supply chains with an increasing number of use cases.

74%
of top supply chain organizations across industries demonstrated AI use cases.

Source: Gartner

66%
of top supply chain organizations have been actively using or exploring advanced analytics capabilities.

Source: Gartner

The Gartner Expert View

"Leading supply chains are transforming business models and redefining markets by blending well-established physical capabilities with emerging digital innovation. Due to the accelerating rate of technology development, adoption, digital innovation and incorporation of customer needs, game-changing opportunities are now being offered for the few supply chains prepared to harness and scale them."

Mike Griswold
VP Analyst

"Keeping pace with innovation in customer experience is a continuous challenge for supply chain leaders. Those failing to recognize supply chain's key role are missing out on potential added value."

Lisa Callinan
VP, Team Manager

Moving From Insight to Action

Gartner for Supply Chain Leaders

The definitive research and advisory resource for supply chain leaders

Gartner supports senior supply chain executives with their most critical priorities. We offer a unique breadth and depth of content to support clients' individual success and deliver on the key initiatives that cover the end-to-end supply chain functions that drive business impact. These key initiatives include:

- Supply chain strategy, leadership and governance
- Supply chain customer fulfillment and collaboration
- Supply chain planning and logistics strategy and operations
- Technology and solutions for supply chain and operations
- Quality management, strategy and leadership

Learn more

Explore today's top technology trends to create a competitive advantage

Connect with Gartner today

Gartner equips supply chain executives to make the right decisions and stay ahead of change.

Learn more about how Gartner can support your success.

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