

# Mastering Strategic Thinking: Three Critical Competencies of an Executive Leader

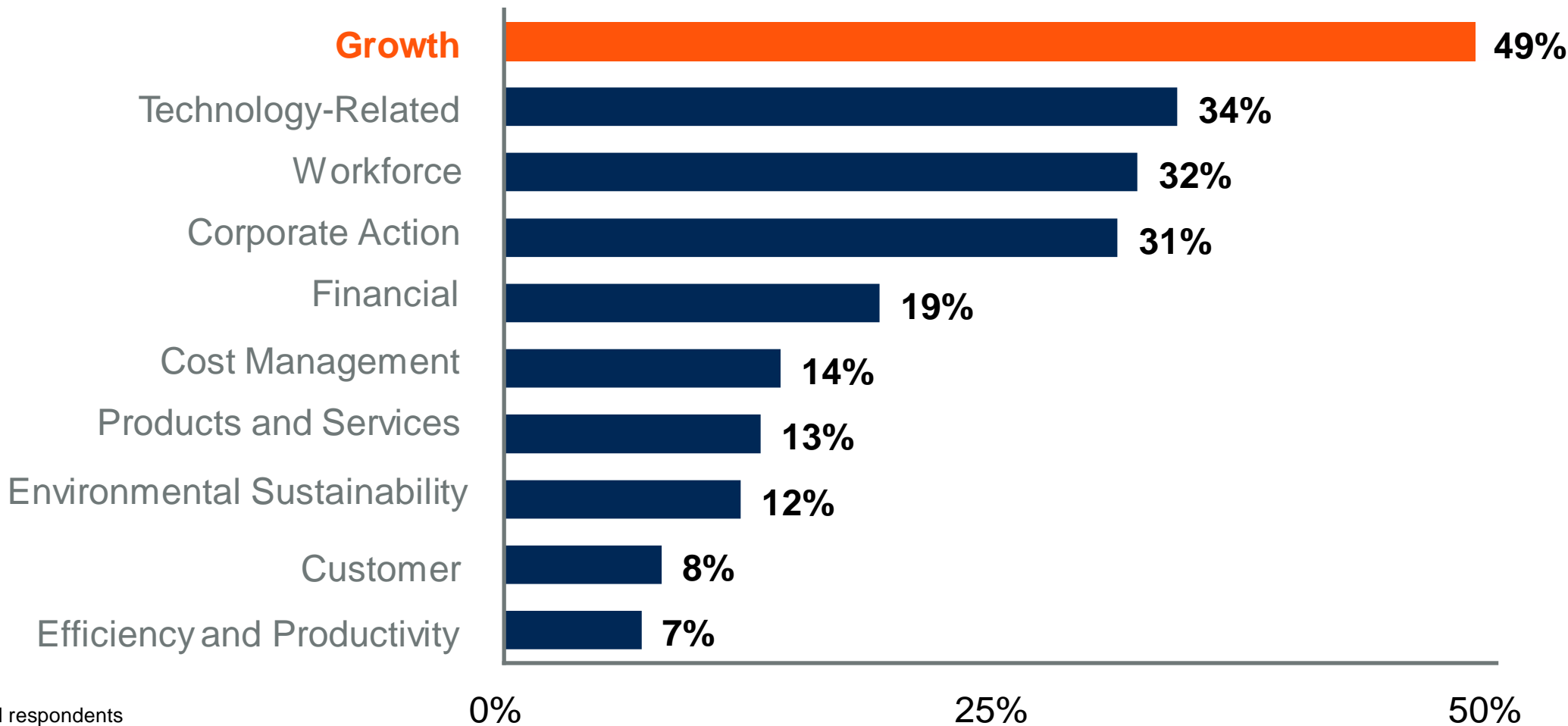
Daniel Sun

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# Growth Is CEO's Top Priority

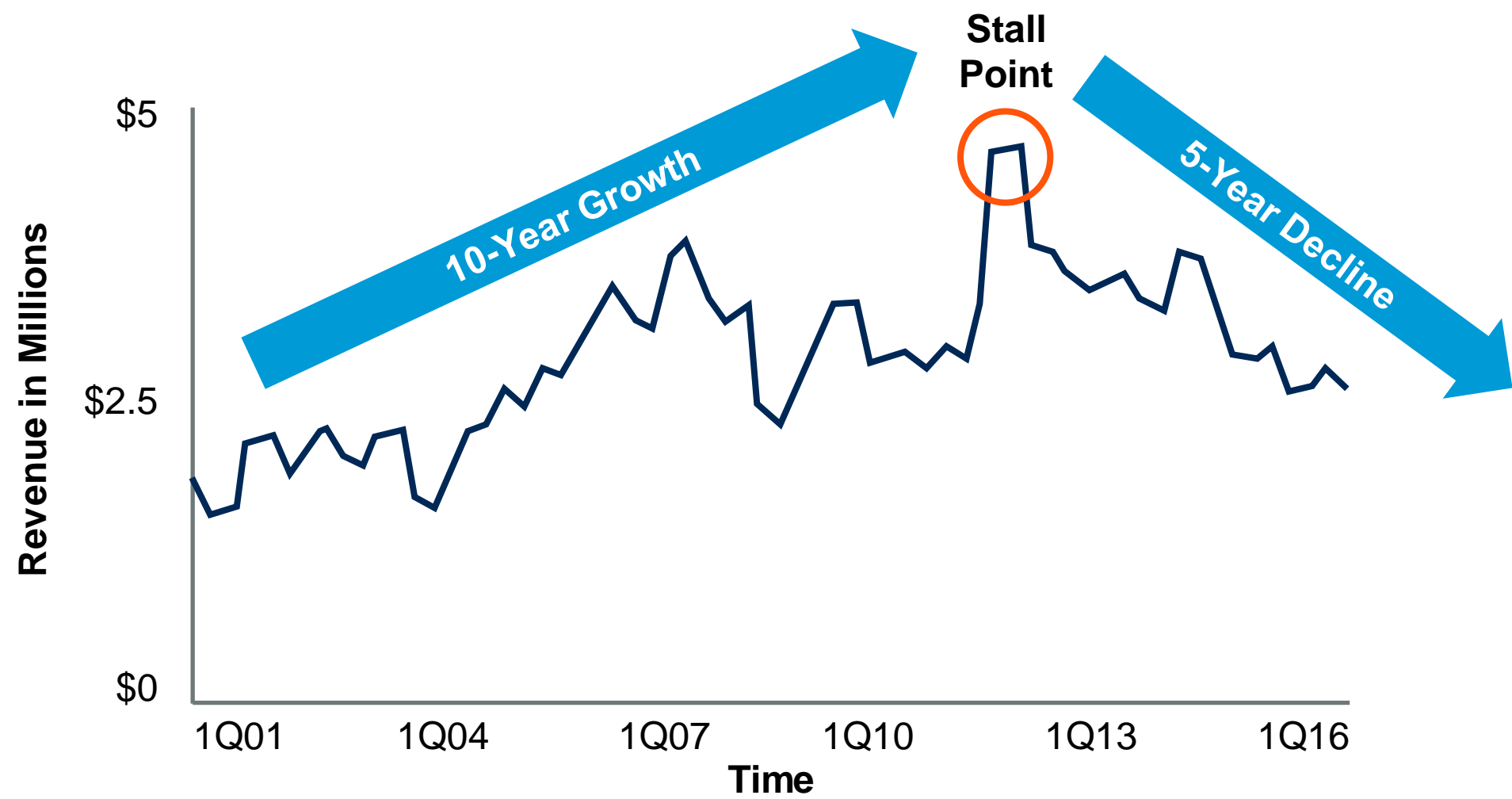
CEO Strategic Business Priorities for 2023 and 2024 — Top 10  
Summary of Top 3 Mentions, Coded Responses



n = 422, All respondents  
To start, please tell us about your organization's top five strategic business priorities for the next two years (2023 and 2024).  
Source: 2023 Gartner CEO and Senior Business Executive Survey; [2023 CEO Survey — The Pause and Pivot Year](#) (G00788951)

# However, Growth Stalls...

Adjusted Quarterly Revenue From 2001 to 2016 (Illustrative)



Source: Compustat; Gartner Analysis; [Overcoming Stall Points](#) (G00450147)  
Note: Revenue (CAGR) prestall is at least 2% in real dollars. Change between pre- and poststall CAGR at least 4%. Poststall growth is less than 6%.



# 3 Critical Thinking Competencies

**Insights**

**Systems  
Thinking**

**Foresights**

**Scenario  
Planning**

**Growth Mindset**

**Learning and  
Unlearning Mindset**

# Key Issues

**Insights**

**Systems  
Thinking**

**Foresights**

**Scenario  
Planning**

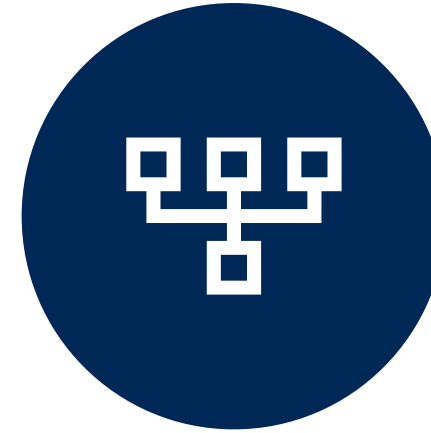
**Growth Mindset**

**Learning and  
Unlearning Mindset**

# What Is Systems Thinking?



A Very Important  
Holistic Analytic Method



Explores How a  
System's Individual  
Components Interrelate



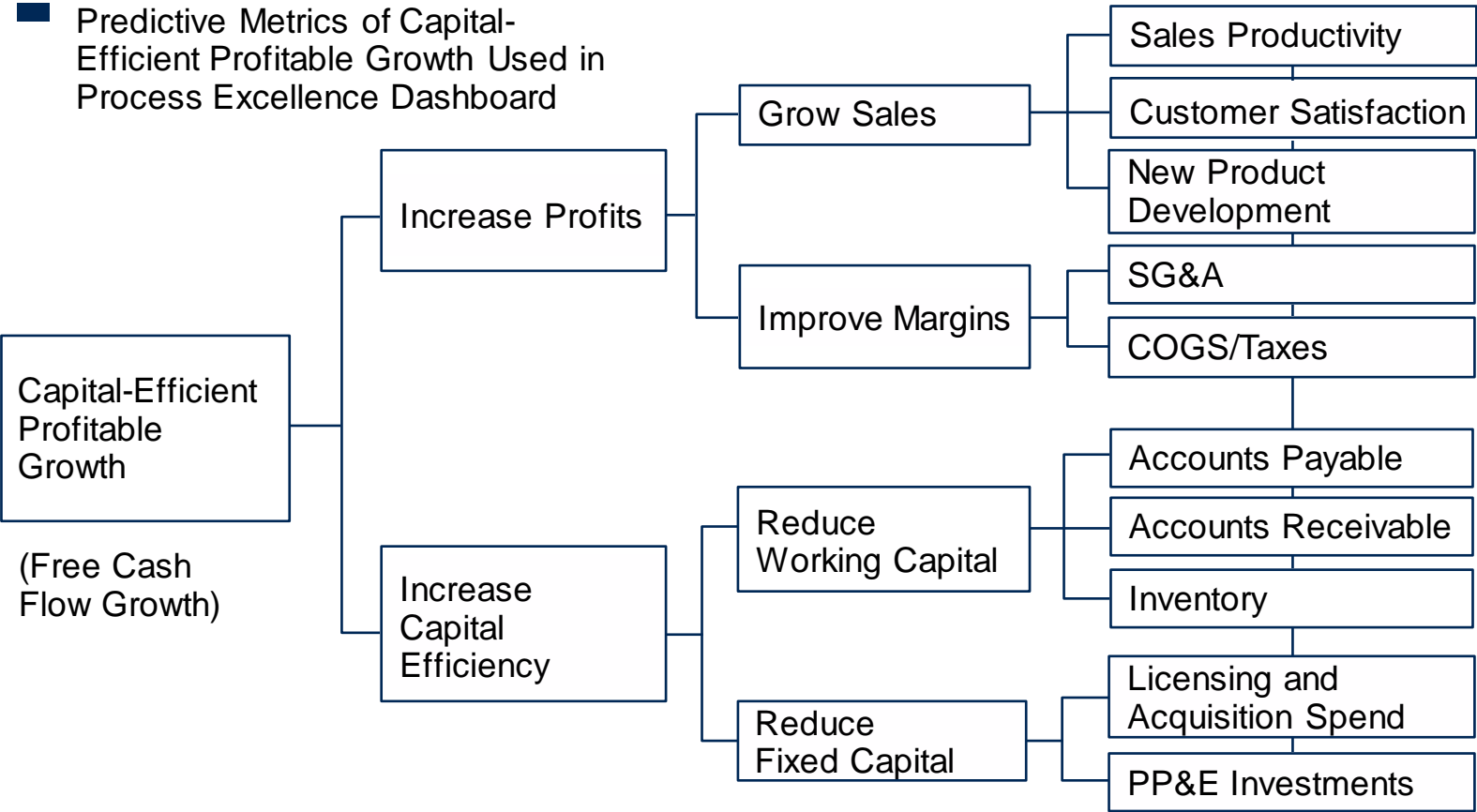
# Johnson & Johnson's Systems Thinking

## Metrics Cascade

# Metrics Cascade Provides a Holistic Picture



Predictive Metrics of Capital-Efficient Profitable Growth Used in Process Excellence Dashboard



**Business Outcome**

**Drivers**

**Levers**

**Sublevers**

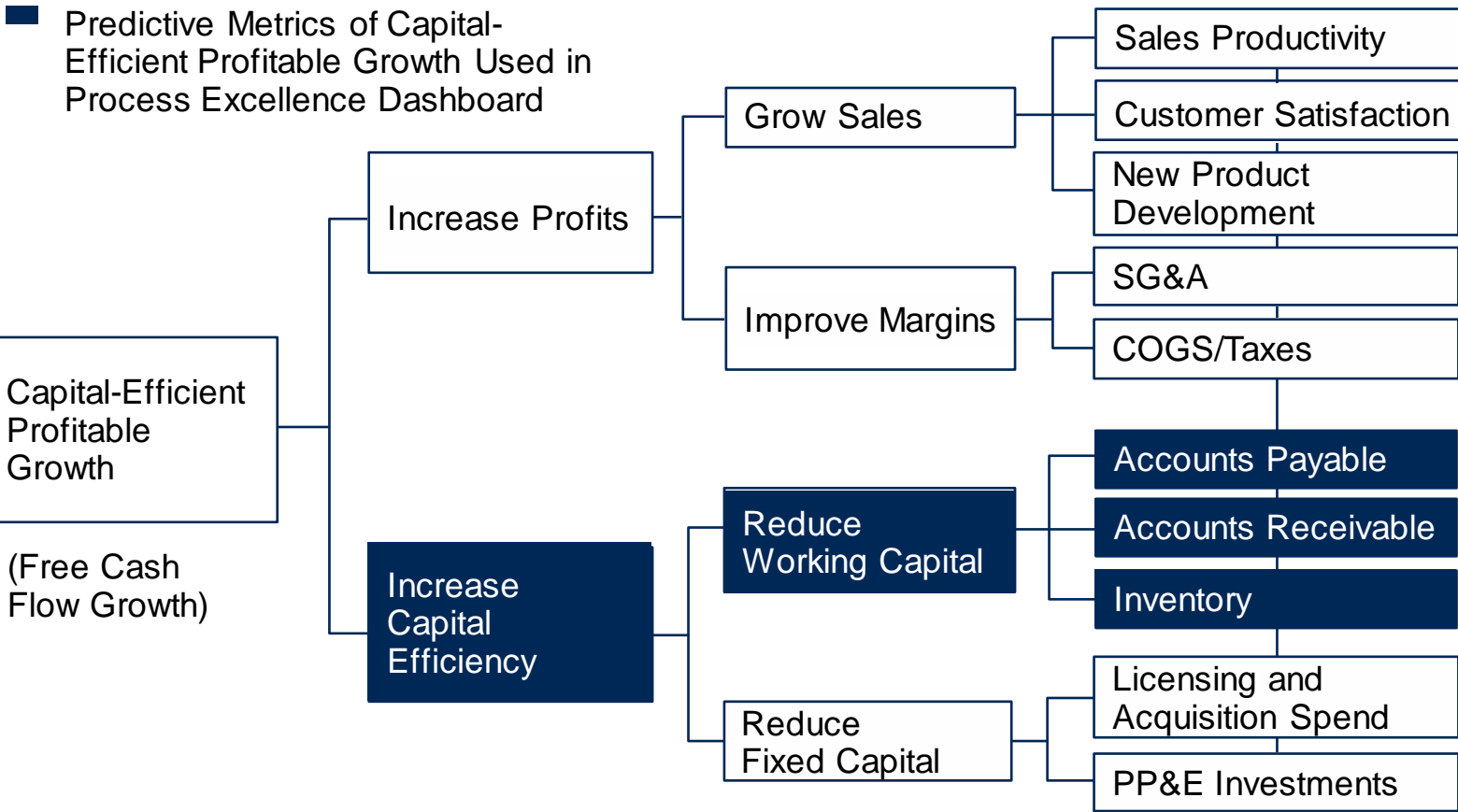
- Net Pricing
- Actual sales versus target
- Customer satisfaction index
- Line-item fill rate
- Pipeline revenue
- Product-to-market cycle time
- NPV of new product portfolio
- Project progress by stage
- Manufacturing cost index
- Units in inventory
- Days of supply
- Market share growth versus total market growth
- Share of “voice” versus market share
- Sales force competitiveness
- On-time delivery/shipment

**Key Metrics**





# Metrics Cascade Explores How a System's Individual Components Interrelate



- Net Pricing
- Actual sales versus target
- Customer satisfaction index
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Key Metrics  
*Johnson & Johnson*



# J&J's Metrics Cascade Provides Insights That:

- **Enable** operational decision makers to fully understand where they should focus.
- **Ensure** enterprisewide alignment on and commitment to their business objective.
- **Respond** to the changing market dynamics more effectively.



## **Implications for Digital Leaders**

- Better our business know-how and stronger partnership.
- Predictive analytics capabilities.

# Key Issues

**Insights**

**Systems  
Thinking**

**Foresights**

**Scenario  
Planning**

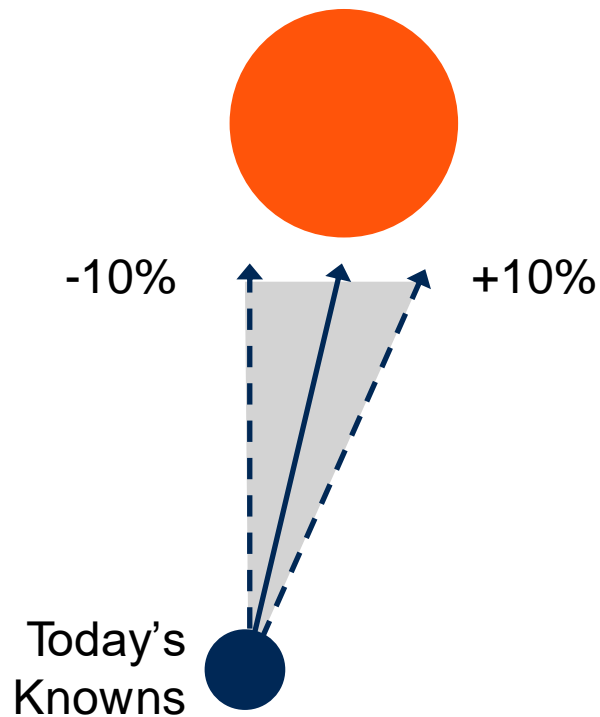
**Growth Mindset**

**Learning and  
Unlearning Mindset**

# Not Predictions or Forecasts ... but Preparedness

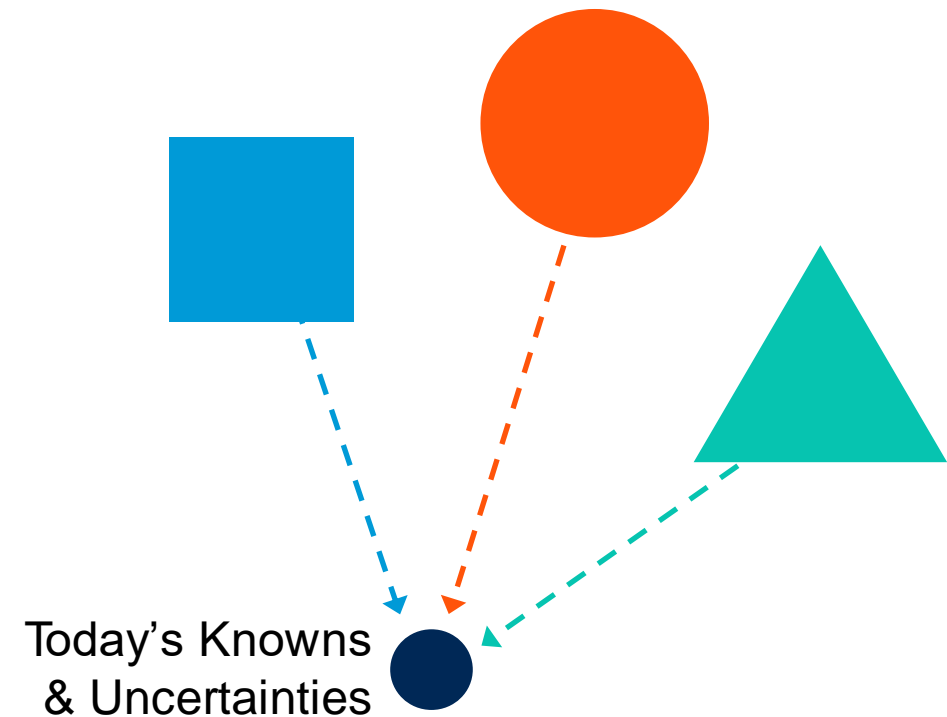
## Forecast Planning

Planning for One Future



## Scenario Planning

Planning for Multiple Futures





# RetailCo\*

## Scenario Planning: AI in Customer Services

\* Pseudonym

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# Scenario Planning: AI in Customer Services

Initiative/Scenario	Predict Customer Lifetime Value	Real-Time Agent Advisor	AI-Based Customer Routing	Total
<b>Techniques and Infrastructure</b>				
AI Engineering and Simulation				
Compute Infrastructure				
Decision Intelligence and Others				
<b>Governance and Risk Management</b>				
Organize People and Processes to Support AI	<b>Executive Committees Assess Robustness of Initiative Portfolio Under Three Scenarios</b>			
AI Data and Privacy and Protection				
AI Explainability and Others				
<b>Total</b>				

**Scoring Key**  
**5** Very Promising  
**4** Suitable  
**3** Neutral  
**2** Vulnerable  
**1** Too Risky

Source: Adapted From RetailCo\*

\*Pseudonym



# RetailCo\* Scenario Planning: AI in Customer Services

Initiative/Scenario	Predict Customer Lifetime Value	Real-Time Agent Advisor	AI-Based Customer Routing	Total
Techniques and Infrastructure				
AI Engineering and Simulation	5	4	2	
Compute Infrastructure	2	1	2	
Decision Intelligence and Others	4	2	4	
Organize People and Processes to Support AI	3	2	1	
AI Data and Privacy and Protection	4	3	2	
AI Explainability and Others	4	2	3	
Total				

**Scoring Key**  
5 Very Promising  
4 Suitable  
3 Neutral  
2 Vulnerable  
1 Too Risky

Source: Adapted From RetailCo\*  
\*Pseudonym



# Scenario Planning: AI in Customer Services

Initiative/Scenario	Predict Customer Lifetime Value	Real-Time Agent Advisor	AI-Based Customer Routing	Total
Techniques and Infrastructure				
AI Engineering and Simulation	5	4	2	11
Compute Infrastructure	2	1	2	5
Decision Intelligence and Others	4	2	4	10
Governance and Risk Management				
Organize People and Processes to Support AI	3	2	1	6
AI Data and Privacy and Protection	4	3	2	9
AI Explainability and Others	4	2	3	9
Total	22	14	16	

Test Robustness  
for Each Initiative

Test Sufficiency  
for Each Scenario

Source: Adapted From RetailCo\*  
\*Pseudonym

## **Implications for Digital Leaders**

- Apply scenario planning to design tech-enabled innovation roadmap.
- Prioritize digital investments and initiatives.

# Key Issues

**Insights**

**Systems  
Thinking**

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**Growth Mindset**

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Unlearning Mindset**

# Unlearning Mindset ...



## Don't

- Stay obsessed with experience of past success
- Forget or give up the experience



## Do

- Build the courage of stepping out of your comfort zone
- **Be willing to learn new things**

# Build an Efficient Learning Plan



Explore What  
You Know  
and Don't Know

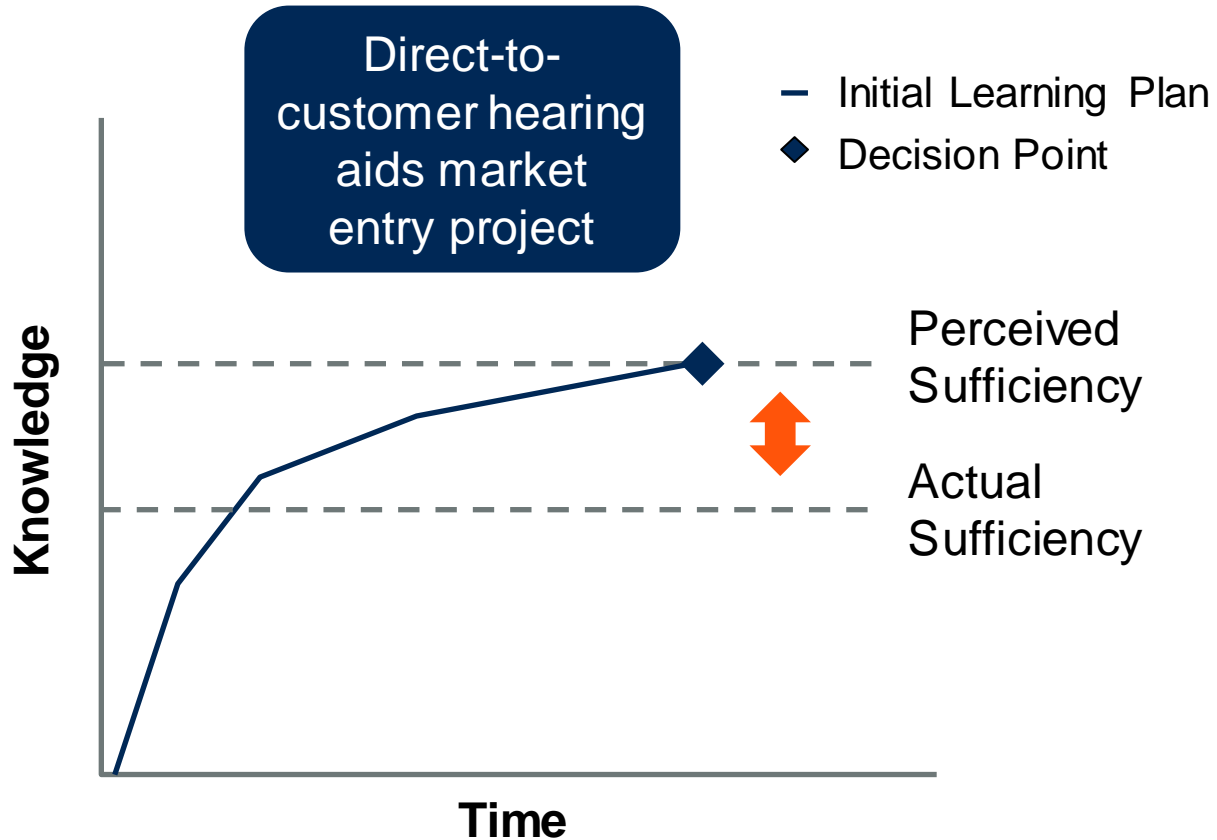


Determine How Much  
You Need to Know



# MVK (Minium Viable Knowledge) Plan

# Business Issue: Slow Decision Making



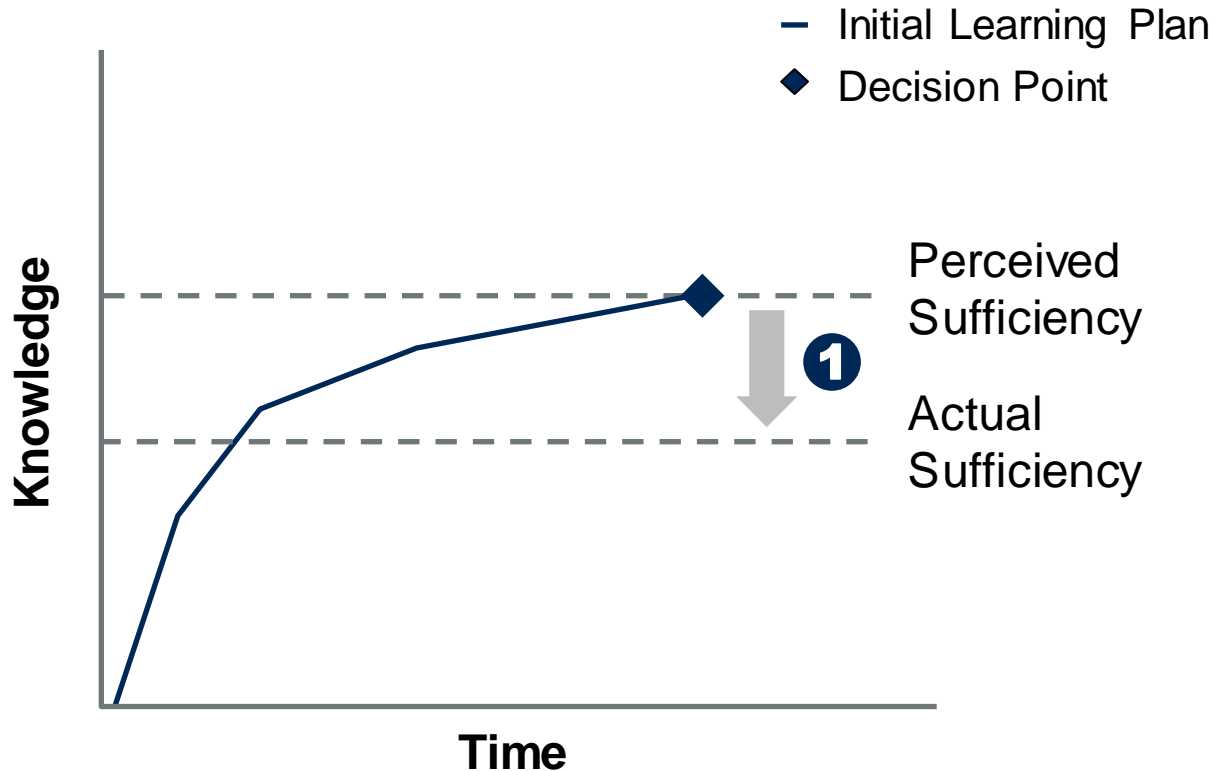
**Assumption:** “We can overcome social acceptability barriers of hearing aids.”

Spent excessive time collecting information and delayed decision making

# Bose's Learning Plan: MVK (Minimum Viable Knowledge) Plan



**Assumption:** "We can overcome social acceptability barriers of hearing aids."



- 1 Reduce Knowledge Needed
  - A What information would validate/ invalidate our assumption?
  - B How much would this information boost our confidence to make a decision?

Spent excessive time collecting information and delayed decision making



# Bose’s Learning Plan: MVK (Minium Viable Knowledge) Plan



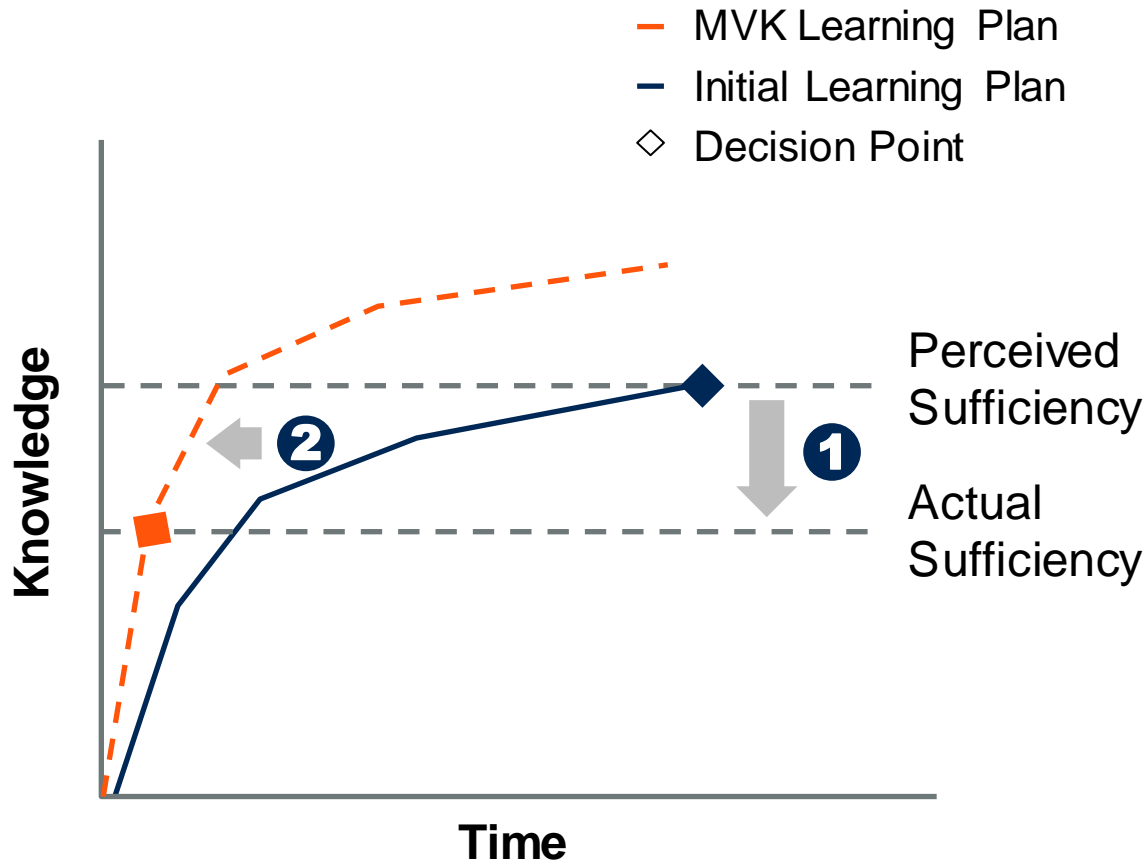
## Minimum Viable Knowledge Plan

Assumption	A Knowledge Needed	B Contribution to Knowledge
We can overcome social acceptability barriers of hearing aids.	Influencer Campaign Effectiveness	High
	Design and Technology Trade-Off	High
	Competitor Intelligence	Medium
	Doctors’ Opinions	Low
	Other Knowledge	Low
	Other Knowledge	Low

- A What information would validate/ invalidate our assumption?
- B How much would this information boost our confidence to make a decision?

Source: Adapted From Bose

# Bose's Learning Plan: MVK (Minimum Viable Knowledge) Plan



- 1** Reduce Knowledge Needed
  - A** What information would validate/ invalidate our assumption?
  - B** How much would this information boost our confidence?
- 2** Reduce Time to Gather Information
  - C** Who can we partner with to gather information?

# Bose’s Learning Plan: MVK (Minium Viable Knowledge) Plan

## Minimum Viable Knowledge Plan

Assumption	<b>A</b> Knowledge Needed	<b>B</b> Contribution to Knowledge	<b>C</b> Internal Partner
We can overcome social acceptability barriers of hearing aids.	Influencer Campaign Effectiveness	High	Marketing
	Design and Technology Trade-Off	High	Engineering and ID

- A** What information would validate/ invalidate our assumption?
- B** How much would this information boost our confidence?

- C** Who can we partner with to gather information?

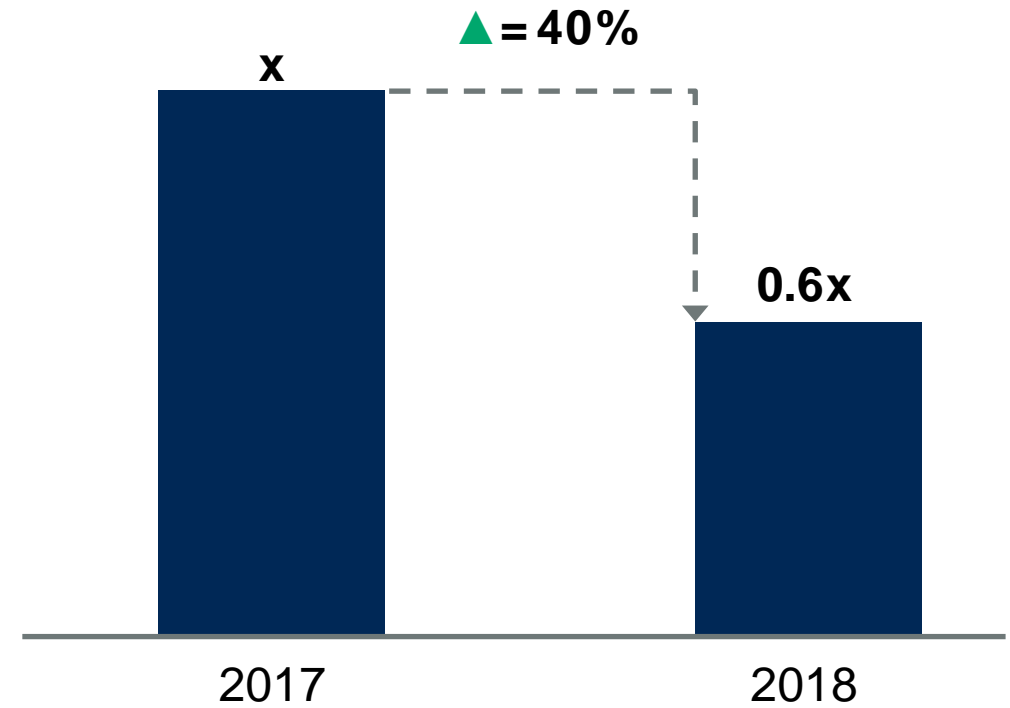
Source: Adapted From Bose



# Business Impact of MVK

**BOSE**

Average Initiative Delays



Source: Adapted From Bose

**Gartner**

# 3 Strategic Thinking Competencies to Foster Business Growth

## Systems Thinking



**Insight  
Advantage**

## Scenario Planning



**Foresight  
Advantage**

## Learning and Unlearning Mindset



**Speed  
Advantage**

# Recommended Gartner Research

- 🔍 [Ignition Guide to Scenario Planning](#)  
Corporate Strategy Research Team
- 🔍 [Assumption-to-Knowledge Ratio \(Bose\)](#)  
Corporate Strategy Research Team
- 🔍 [Toolkit: Sample Industry Metrics Cascade](#)  
CIO Research Team
- 🔍 [Toolkit: A Guide for Business Model Ideation and Innovation Workshops in Times of Disruption](#)  
Daniel Sun, Tsuneo Fujiwara and Others