A close-up photograph of a hand reaching for a brass ring handle on a blue door. The door has a textured, slightly weathered appearance. The hand is positioned on the right side of the frame, with the index finger and thumb gripping the handle. The lighting is warm, highlighting the texture of the hand and the metallic sheen of the handle. A yellow graphic element, consisting of a thick line forming a trapezoidal shape, frames the text on the left side of the image.

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# A paradigm shift in realizing strategy

**Eduardo Tesche**

Sócio EY Parthenon

A person wearing a bright yellow winter suit and a white hat stands in the center of a large, dark blue ice cave. The cave's walls and ceiling are covered in thick, textured ice formations, with long icicles hanging from the ceiling. The floor is a mix of dark, wet ice and patches of snow. The lighting is dim, with a bright light source at the end of the cave, creating a strong contrast and highlighting the person's yellow suit. Two vertical blue bars are positioned on either side of the title text.

# A paradigm shift in realizing strategy

August 2020

# How organizations will need to transform to realize strategy in this new decade

Ernst & Young LLP (EY), along with the Economist Intelligence Unit (EIU), has conducted one of the [most comprehensive global strategy surveys](#) of C-suite executives in the last decade.

## The basis of our insights

1,000

survey responses from CXOs of companies with > US \$1b in revenue

400

survey responses from CEOs, with a further 200 from CSOs and 150 from CFOs



## Global opinions

from **business leaders** across the Americas, Europe and APAC that reflect trends and sentiments from a **post-pandemic business world**

150+

responses from **each of these sectors:**

- ▶ Consumer products and retail
- ▶ Energy and natural resources
- ▶ Financial services
- ▶ Health and life sciences
- ▶ Advanced manufacturing and mobility
- ▶ Technology, media and telecom

# How organizations will need to transform to realize strategy in this new decade



## 1. Understand different stakeholders, objectives and mindset

- ▶ Driving stakeholder value through a purpose-driven organization
- ▶ The granularity of strategy
- ▶ “Self-disrupt” mindset

## 2. Embrace the changing dynamics of your ecosystem

- ▶ Future competition – from everywhere and anywhere
- ▶ “Coopetition” instead of competition
- ▶ From “running a company” to “running an ecosystem”



## 3. Win the hearts and minds of many to execute strategy flawlessly

- ▶ Democratization of strategy
- ▶ An expanding C-suite constituency
- ▶ Board as the strategy committee

## 4. Rewire the organization to move the business at the speed of thought

- ▶ An agile strategy that requires an agile organization
- ▶ Digital capabilities that are not just imperative, but the norm
- ▶ An objective framework for every strategic initiative



Impact of COVID-19

76% of CXOs overall believe they will need to adjust their medium- and long-term strategies in light of COVID-19.

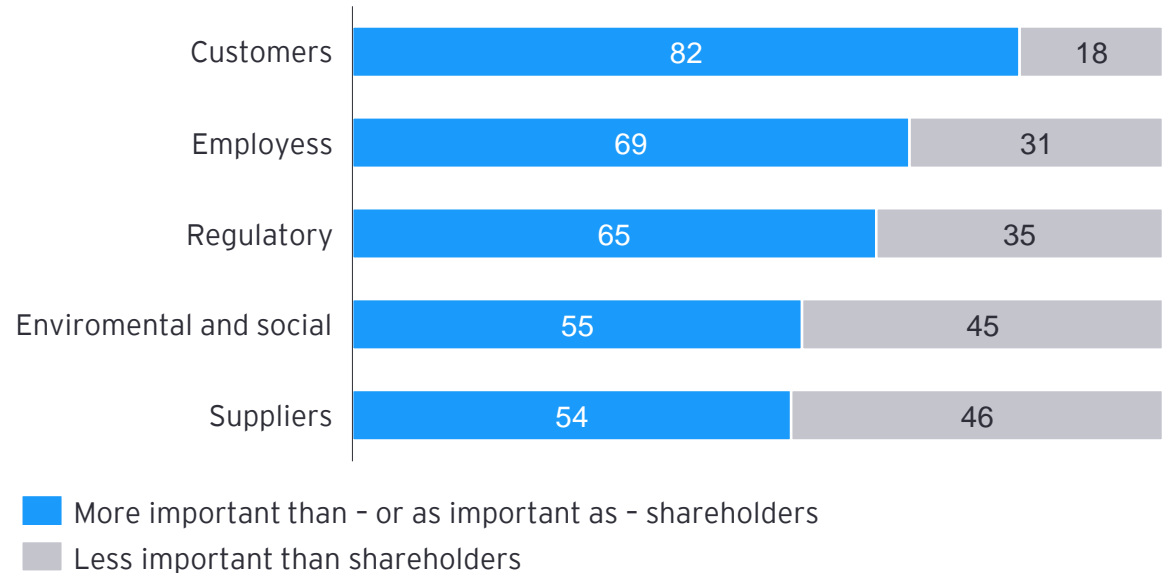


Understand different stakeholders, objectives and mindsets

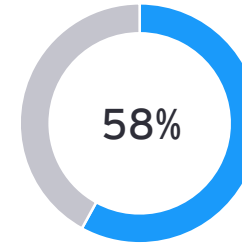
# Driving stakeholder value through a purpose-driven organization

## Greater set of stakeholders

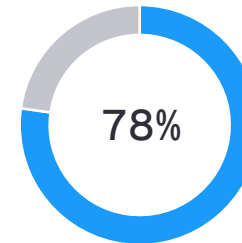
Various **stakeholders** are becoming **just as important** as shareholders. Considering a broader set of stakeholders when you formulate strategy will resonate with your shareholders, and the market will respond favorably.



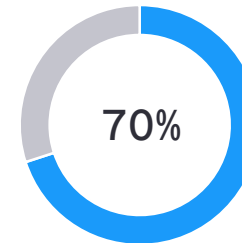
## Additional insights



of **consumer products and retail** companies consider **customers** more important than shareholders




of **financial services** institutions consider **regulatory** stakeholders more important than - or as important as - shareholders



of **energy and natural resources** companies consider **suppliers** more important than - or as important as - shareholders

Long-term value is driven by taking a comprehensive definition of stakeholder value creation.

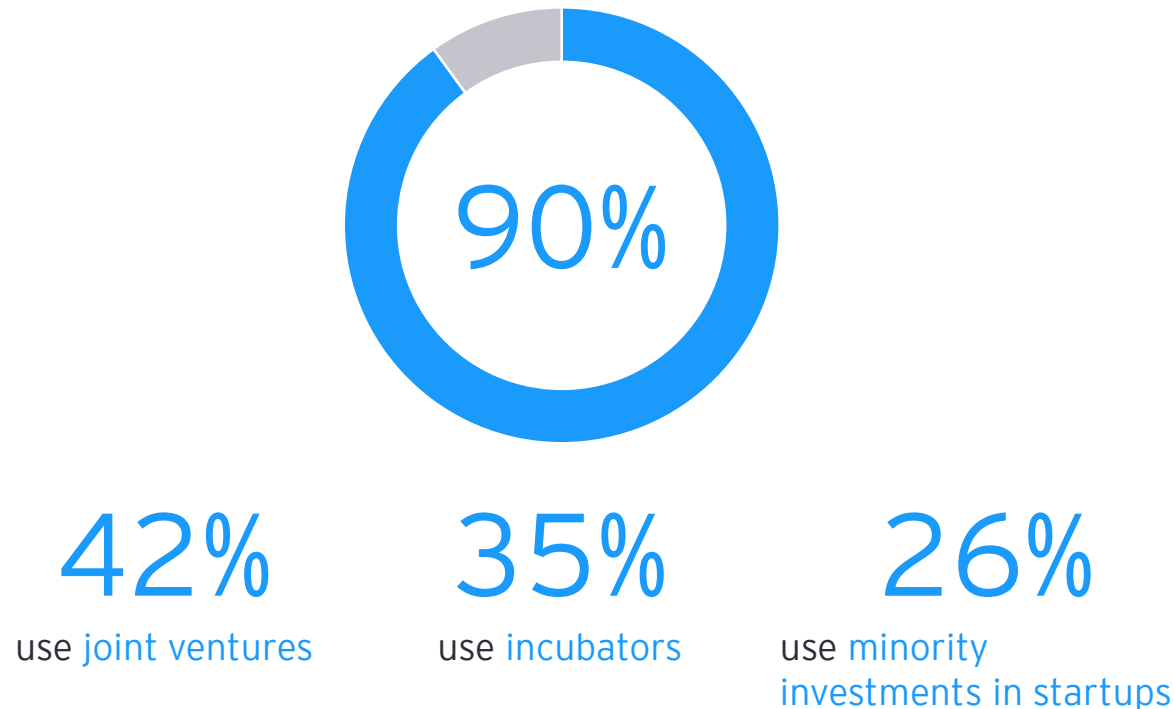


Embrace the changing  
dynamics of your ecosystem



# From “running a company” to “running an ecosystem”

Percentage of CXOs using **alternative forms of investments** to position their organizations for the future



Despite **~90% of executives** stating that they are pursuing some form of alternative investment, organizations still struggle with how to incorporate synergies and operate companies within their respective ecosystems.

Key challenges that companies struggle with include:

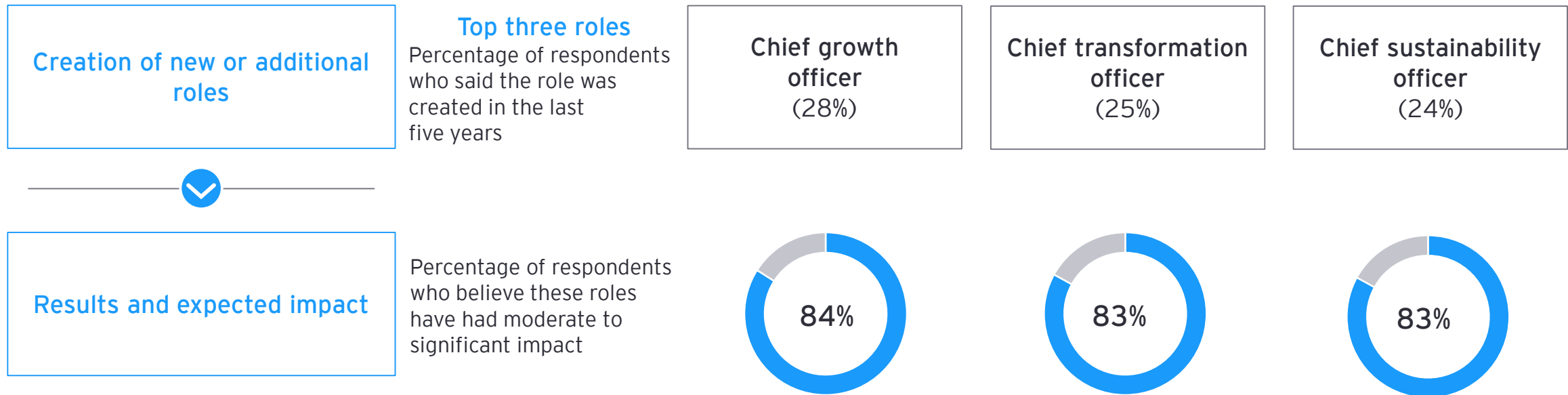
- ▶ Knowing how to manage reporting lines for the investment
- ▶ Clearly defining the strategic objective
- ▶ Maintaining focus on the investment
- ▶ Knowing how to exit

Running and operating a constellation of entities require a different operating model and operational rhythm.



Win the hearts and  
minds of many to execute  
strategy flawlessly


# The C-suite constituency is expanding



Other CXO roles created that have resulted in significant impact include **chief innovation officer** (92%) and **chief data officer** (87%).

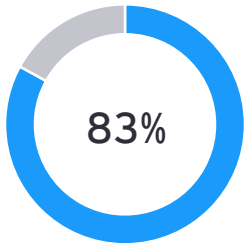
The presence and impact of these **new roles vary by sector**:

- ▶ The **chief growth officer** is becoming more ingrained in energy and natural resources and consumer products and retail, while, in financial services, it's the **chief data officer**.
- ▶ Showing a major impact are **chief innovation officers** in technology, media and telecom and advanced manufacturing and mobility; **chief data officers** in technology, media and telecom and financial services; and **chief transformation officers** in consumer products and retail and health and life sciences.

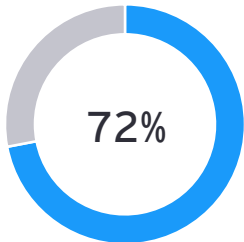


Rewire the organization  
to move the business at  
the speed of thought

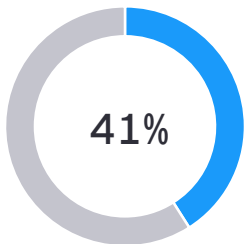
# Digital capabilities are not just imperative, but the norm



83% of CXOs believe that new digital roles, such as the chief digital officer, have delivered moderate to major impact across the organization



72% of CXOs believe that chief information (or technology) officers have moderate to significant influence in strategy formulation



41% of CXOs in companies significantly outperforming peers are planning to further digitize their operations in the short term (vs. 15% for underperforming companies)

## Organizations are digitizing to disrupt.

Every industry around the globe is experiencing some form of digital disruption. Even within industries – or within single organizations – digital is transforming business strategies, operating models and relationships with customers.

Organizations need to break down silos to enable clear visibility into every business and functional unit across the enterprise. Typical use cases that companies are making a priority to digitize include:

- ▶ Leveraging artificial intelligence for channel optimization
- ▶ Building blockchain capabilities to streamline payments
- ▶ Implementing robotics to improve procurement
- ▶ Utilizing cloud computing to implement dynamic pricing