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# Leading Now: When Uncertainty Upsets Business as Usual

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## Leading Now: When Uncertainty Upsets Business as Usual

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Initiatives: Business of High Tech

High-tech product leaders should expect economic uncertainty to challenge revenue growth goals. Leading Now is a flexible leadership framework that is tuned for uncertainty.

### Overview

#### Key Findings

- Three out of four high-tech leaders expect continued economic challenges in the market.
- Almost three-quarters (72%) of leaders expect their organization to achieve revenue growth in this uncertain environment.
- Leaders will need to rely on their ability to execute and respond to changes in the market to deliver growth strategies.
- Success requires a different leadership approach, one that is able to reassess the potential of current strategies and investments while being open to take action and seize new opportunities.

#### Recommendations

High-tech product leaders facing uncertain times should lead now by doing the following:

- Know your position by assessing the strength of your current position relative to your ability to execute as well as market conditions and peers.
- Pressure-test your business outcomes by breaking down strategic assumptions into actions and evaluating them using the worksheets in this document.
- Plan and mobilize the organization by focusing on actions and changes that will reestablish competitiveness, revenue plans and market positions.

- Lead for the future by strengthening your capability, long-term value and position for future growth.

## Analysis

### Leading Now

The Leading Now framework provides a path to navigate dynamic changes and uncertainties challenging the ability to achieve strategies and goals. Changes and challenges come from factors beyond the high-tech product leader's direct control. Economic, fiscal and geopolitical forces are examples of these types of challenges. Without a company response, product leaders have little choice but to derisk business-as-usual strategies by controlling/cutting costs, preserving cash and collecting whatever revenue they can. These actions may preserve the present, but they do little to position the company for the future. Preservation is a survival-oriented mindset. However, growth demands a resilience-centered mindset – the two are mutually exclusive for growth-minded leaders.

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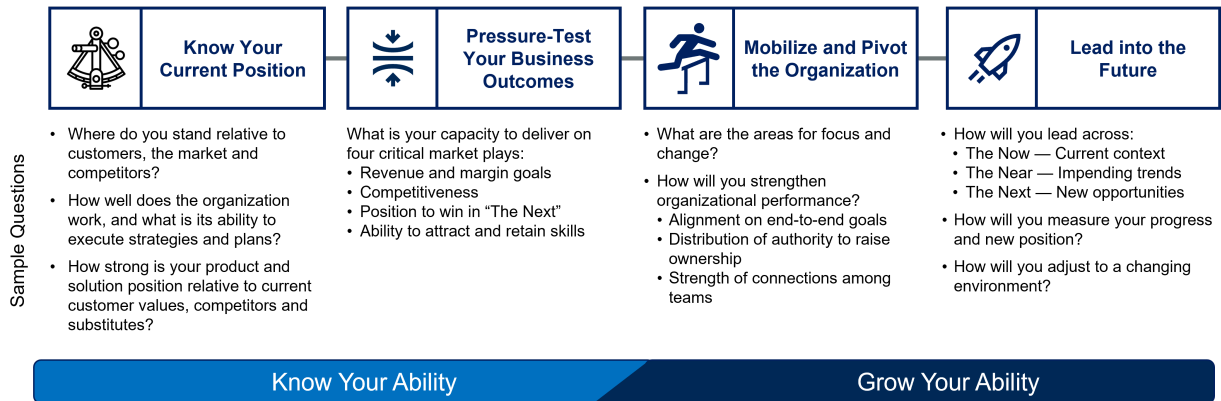
*Leading Now answers the following question: "How can leaders reliably achieve goals in an uncertain environment?"*

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Leading Now is a framework tuned to uncertainty when conditions are beyond high-tech leaders' control. In such an environment, leaders must connect their actions with economic, competitive and market conditions. Those connections chart a path forward to deliver for today and create a position for the future. Figure 1 highlights the steps within this framework and key questions facing high tech leaders in times of challenge and change.

**Figure 1: Leading Now – Growing From Uncertainty for High-Tech Leaders**

**Leading Now: Growing From Uncertainty for High-Tech Product Leaders**



Source: Gartner  
787324



## Know Your Position

Uncertainty creates confusion and delays in market signals, decision making and action. Leaders know their position, and they know how external conditions can impact their plans. They also know when it is time to develop and act on new plans. Just like investors mark their investments to the market, high-tech leaders knowing their position marks their situation for the future. This is the first step in marking for the future. This step involves developing responses to the following questions:

- Where do you stand relative to customers, the market and competitors?
- How well does the organization work, and what is its ability to execute strategies and plans?
- How strong is your product and solution position relative to current customer values, competitors and substitutes?

High-tech leaders understand their company internally, but they have few ways of comparing their company to competitors. Knowing where your company stands should consider current positioning in the current year and future potential in the next 18 to 24 months. Develop responses to these questions, starting with an outside-in perspective and leveraging one or more of the following data sources:

- **Market-based data** creates a quantitative measure that can be tracked through time. Adopt a broad view of market-based data, including market share, but extending to consideration rates. Compare performance against peers rather than comparing your own company's performance with prior years.
- **Voice of the customer** ensures that the voice is recent. It also reflects current, new and prospective customers, as well as incorporates input from customers who are using the solution rather than those purchasing or implementing the solution.
- **Competitive analysis and assessments** must go beyond commercial terms of price, performance and so forth. They should include qualitative intelligence regarding market perception, perceptions about the future value or desirability of your solutions.
- **Marketing messages and actions** investigate what you and others are telling the market. Focus attention to compare your value promise against competing solutions, look for changes in competitor messaging, and evaluate thought leadership and other positioning for the future.
- **Corporate actions** represent changes that cannot be easily undone. Use signals like divestitures, mergers and layoffs to understand where the competition stands. Take the time to go into the forces shaping the action, not just the action itself.

Recognize that uncertainty, by definition, compromises routine strategies, rules of thumb and assumptions. Avoid framing unique issues in generic frameworks by looking across all business units and functions. Take a broader perspective than just sales or marketing, or products. Do not assume that high-tech leaders in the organization share the same views regarding uncertainties and challenges. Conduct this step with a diverse group representing the organization. Assess these core factors:

- **Customers and markets:** Start with customers and the market assessments, as they set the market context, needs and purchasing capacity that shapes strategies and actions.
- **Competitiveness:** Prioritize leading indicators such as consideration rates, total cost of ownership and market adoption rather than restating past performance to understand the direction of market forces and uncertainties.
- **Focus:** Concentrate on your ability and capacity to execute against strategies and plans. Do not presume that people and processes will be able to cope.

- **Unbiased evaluation:** Be honest in the team's assessment of the current position. Welcome diverse and realistic, even if negative, outlooks on the company, its position and performance.
- **Engage external resources:** Include customers with regard to providing their information and assessment of your position and the competition. An outside-in perspective completes the review.
- **Revenue and margins:** Finish the assessment by looking at revenue and margins, which reflect reality, as revenue is generated based on the performance of the other factors.

Focus on the factors that drive your ability to execute and achieve your goals. Make an internal and external assessment of these factors. Identify uncertainties and challenges that inhibit your ability to grow. Table 1 provides an example of the resulting worksheet. Please note that this is a partial example with a full example in the notes section.

Table 1: Knowing Your Position Worksheet

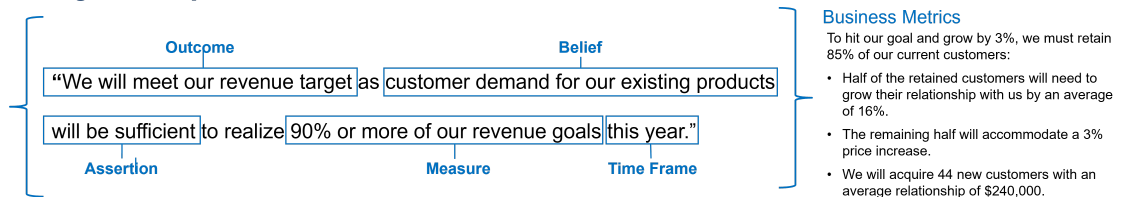
Summary Findings	Strategic Assumption	Internal Assessment	External Assessment	Challenges and Uncertainty
Customers and Markets	Our customers value our products enough to continue to spend with us, even in the face of cost cutting and spending freezes.	Customer engagement remains stable, and renewals are going to plan. We are challenged in attracting interest from new customers – new logos	Customers have what they need for now and are not expecting to grow spend. Market share provides limited influence with customers.	Limited reasons to grow their relationships. Business cases and reasons must break through cost cutting.
Competitiveness	Our solution capabilities and customer experiences outcompete others in the market.	The voice of the customer indicates that we are a preferred partner. Sales teams do not see competition as a threat.	Company has not updated its core messaging or commercial terms. Competitors offer industry-specific solutions.	Sales processes and terms do not reflect current realities. Competitors deliver greater value through industry-specific solutions.
Ability to Execute	We can achieve our goals with our current resources and operations.	With strong leadership and a few key hires, we will do more. We cannot miss a commitment, or it will compromise revenue.	Ability to execute is below the market average. Multiple products and business models complicate operations.	Where to simplify and prioritize efforts as market signals are changing in contradictory ways.
Product or Service	Products offer superior functionality and cost for the target use cases. We are the best in our market.	If you understand our pricing, we have the lowest total cost. We are the easiest product to integrate and operate.	Competing products cover more use cases outside of your core. Your product lags the market in compliance and data privacy.	Product use cases may be too narrow to retain customers. Product value is insufficient to grow wallet share; we are being replaced by other products
Sales and Marketing	Sales teams have strong relationships to engage and retain customer interest and business.	Customer engagement is stable. Sales cycles are lengthening, but sales opportunities are closing.	You sell to the CIO and IT, while others sell to business buyers. Increased us SaaS pricing, with clearer commercial terms	Limited relevance of market messages in the current environment. Difficult to calculate the value of our products outside of IT.
Revenue and Margins	We will meet our revenue target as customer demand for our existing products will be sufficient to realize 90% or more of our revenue goals this year.	Goal requires 85% retention rates, with a 3% price increase. Half of retained customers will increase spending by 16%. Need 44 new customers in the year.	Larger competitors are increasing bundling to retain and grow. Cost cutting policies are reprioritizing spending away from the category. Consideration rates are falling.	Product updates and new product launches limit new things to sell. Raising the relevance of product value is required.

Source: Gartner (February 2023)

In each area, gather or create a strategic assumption, summarizing the rationale for the company’s current plan and course of action. A strategic assumption defines the expected conditions under which the organization invests in its future and sets its goals. A strong strategic assumption is one that clearly states the business outcome, beliefs about the future, assertions of the company’s actions, measures of success and a time frame. An example is in Figure 2.

Figure 2: Sample Strategic Assumption Related to Revenue

Sample Strategic Assumption Related to Revenue



Source: Gartner 787324



Knowing where you stand involves a specific effort to look outside the company and its strategy. This contrasts with quarterly business reviews (QBRs) focusing on progress against the plan. Avoid describing and disguising your findings as solutions. Do not use terms like “need” or “must” or “will,” which presume a solution. Instead get behind the facts driving that imperative statement to understand what is missing.

Pressure-Test Business Outcomes

Knowing where you stand gives you the situational awareness and context to explore where you are going. In this step, product leaders apply their understanding of their current position against their organization’s capacity to deliver their intended business outcomes and goals. For example, high-tech leaders might ask about their ability and capacity to execute against the following imperatives:

- Growing revenue and margin in current economic conditions
- Increasing their competitiveness and strengthening sources of competitive advantage
- Positioning solutions to win in the “next” economy
- Attracting and retaining the right people and skills

Gartner research relative to these outcomes includes The Ability to Execute Influences Growth, Margins and Competitiveness and Addressing Skill Gaps with High Tech Ability.

Pressure-test the factors generated in the assessment by decomposing the strategic assumption into business outcomes, beliefs, assertions, measures and time frames. Breaking down the assumption into components enables the team to ask two questions:

- What must go right or become true for us to deliver the intended outcome?

- What can happen that will compromise or eliminate our ability to deliver the intended outcome?

Table 2 provides a sample worksheet for pressure-testing an assumption. In this example, the strategic assumption relates to revenue. There should be a worksheet for each of the assessment factors identified in knowing where you stand. There can be one or more business outcomes associated with each assumption.

**Table 2: Sample Pressure Test Worksheet for Revenue and Margin**

	What Must Go Right or Become True for Us to Deliver the Intended Outcome?	What Can Happen That Will Compromise or Eliminate Our Ability to Deliver the Intended Outcome?	What Information Do We Need to Confirm and Act to Derisk the Strategic Assumption?
Business Outcome	Products and use cases appeal to at least 50% of our customers.	A significant number of our customers (greater than 20%) implement spending freezes.	Engage customers to understand their context, the relevance of our solutions and willingness to pay.
Belief	<ul style="list-style-type: none"> <li>■ Our products are superior to the competition.</li> <li>■ Customers will need more this year.</li> <li>■ Customers will have the budget to buy 10% to 20% more.</li> </ul>	<ul style="list-style-type: none"> <li>■ Customers shift to competitor solutions.</li> <li>■ Economic conditions create spending freezes.</li> <li>■ Competing products outperform our solutions.</li> </ul>	<ul style="list-style-type: none"> <li>■ Market comparison of product value</li> <li>■ Strong examples from current customers</li> <li>■ Updates and releases implemented on time</li> </ul>
Assertion	<ul style="list-style-type: none"> <li>■ Sales force will retain 85% of our current customers.</li> <li>■ Our value supports our customer's business cases.</li> <li>■ Our value supports a 3% price increase.</li> </ul>	<ul style="list-style-type: none"> <li>■ Buyer turnover freezes spending or recompetes.</li> <li>■ Sales turnover limits our ability to serve key accounts.</li> </ul>	<ul style="list-style-type: none"> <li>■ Market comparison within our product categories</li> <li>■ Sales calls and pipeline progression</li> </ul>
Measure	<ul style="list-style-type: none"> <li>■ Half of our customers retain, and their spending remains flat.</li> <li>■ Half of current customers grow their spend by 16%.</li> <li>■ New customers spend at least \$250,00.0</li> </ul>	<ul style="list-style-type: none"> <li>■ More than 15% of customers cancel their relationship.</li> <li>■ Vendor consolidation pushes us out of customers.</li> <li>■ Our product price point is no longer feasible.</li> </ul>	<ul style="list-style-type: none"> <li>■ Sales calls and customer engagement</li> <li>■ Service and support calls, and call reasons and resolution</li> <li>■ Interest and engagement from new customers</li> </ul>
Timeline	<ul style="list-style-type: none"> <li>■ Sales cycles are fast enough to deliver this year's fiscal goals.</li> <li>■ Renewals come in this year and are not pushed into the future.</li> <li>■ Current customers close faster than new sales.</li> </ul>	<ul style="list-style-type: none"> <li>■ Weak demand lengthens sales cycle times.</li> <li>■ Competition reduces consideration rates.</li> <li>■ We will not generate revenue to catch up for missing revenue in prior quarters.</li> </ul>	<ul style="list-style-type: none"> <li>■ Forecast retention on a monthly basis</li> <li>■ Work at risk accounts continuously</li> <li>■ Monitor sales cycles and pipeline performance</li> </ul>

Source: Gartner (February 2023)

In uncertain times, the potential for a negative assessment makes it tempting to limit the people involved in pressure testing assumptions and outcomes. This undermines the value of the pressure test as narrow teams support confirmation bias in the assessment. Involve a focused but diverse group of people in the pressure test. Give preference to associates who can take a companywide perspective, rather than advocating for themselves or their group. In addition, give preference to associates who can be frank in their assessment and solution-focused on their outlook. The same applies for external resources providing market data and insight into your issues.

The return on pressure testing is directly proportional to the effort involved and the range of insights applied. Pressure-test current positions against the intended outcomes from a range of perspectives by:

- Going beyond financial or sales analysis, which tend to provide lagging indicators
- Engaging external perspectives equally with internal teams to avoid confirmation bias
- Asking tough questions about the ability and capacity of operations to execute the strategy to surface emerging needs and ground plans in the current situation

It is tempting to begin solutioning during the pressure test, but don't. Early solutioning, during the test, leads to incremental or ad hoc actions that treat the symptoms of a challenge and not its root causes. Early solutioning introduces additional internal tension among leaders that compromises the team's ability to see their situation clearly. For example, solutioning while pressure-testing revenue assumptions often leads to giving the sales organization all the to-do lists and changes, even when the root causes of revenue may not fully rest with sales. Overassigning actions to a single group or executive in the middle of a test will compromise the executive team.

A pressure test requires leaders to make decisions in an uncertain environment. Consult *Executive Leaders Insight: Making High-Quality Decisions in an Environment of Change* for additional support. The pressure testing results in potential areas and gaps requiring change to realign the company with the current situation.

The first two steps mark the organization's current position in an uncertain market. The next two steps provide a path to the future. The potential of the plan is directly proportional to the insights generated from these prior steps. A weak understanding of your current position or a perfunctory test of assumptions results in weaker plans and organizational alignment.

## Mobilize and Pivot the Organization

Mobilizing and pivoting the organization to a new direction gives product leaders and the organization control over its future. Refocus resources and priorities based on a grounded understanding of the challenges surfaced during the pressure test. This involves prioritizing and working toward the best possible future given the current situation.

Develop plans that are practical and actionable, and move the organization toward an intended future rather than just repairing the past. This requires adopting the following guidelines to developing plans:

- **Start with a clear definition of the challenge, one that everyone can recognize.** Incorporate the challenge into the plan in support of building a shared understanding for action. Avoid simply restating a desired goal as a challenge – for example, *we need to grow revenue to \$25 billion by 2025*.
- **Analyze before you plan.** Avoid addressing today's challenges in yesterday's causes or mental models. Even if it feels like you have seen this challenge before, do not presume that past actions will guarantee future success. Be highly skeptical of plans and actions that feel familiar. Recognize the current context in which the challenge exists. For example, offering a discount for closing sales in a current quarter will have limited impact if customers have a time-boxed spending freeze.
- **Rely on facts to inform opinions, and build on the pressure test results to get the most reliable sources on the challenge and possible solutions.** High-tech leaders will plan based on their opinions and experience, strengthen both with internal and external/market insight. For example, product leaders may want to accelerate development of a new product to generate revenue this year. That solution is unlikely to work if your product launch process takes nine months.
- **Stop the losses.** Challenging times require taking more than one action. Preserve cash, capital, attention and energy by taking action to stop loss-making activities. This can include divesting products, product development, sales focus and so forth. Be clear in the connections between the current context and the associated losses. Be honest about these situations; they have longer-term consequences.
- **Extend customer value.** Uncertainty is pervasive, touching customers, competitors and others. It is easy to turn planning inward. Fight against this type of narrowing by including customer perspectives and needs. Extend actions that increase customer value and customers' capacity to grow their own revenue.

- **Plan to change the dynamics, not the window dressing.** There are no simple answers to complex challenges. If there were, then you would have already taken action. Create plans that address the dynamics and forces behind the challenge. This requires digging deeper not only into the root causes, but also into the situation that makes the root cause challenging. Consider the situation of slowing consideration rates or new logos in the pipeline. A plan to raise awareness of your products and their superiority treats the symptom, not the cause. Treating a cause would involve recognizing how economic uncertainty clouds how customers see the future and their confidence to act.
- **Give preference to readily reversible plans with clear metrics.** Leaders favor actions that create options rather than close them down. Consider the implications of each plan. For example, can we reverse the action or take another course? How soon will we know that this plan is working? Include these conditions as part of the plan so everyone knows what might come next.
- **Build universal support, not unilateral imperatives.** Mobilizing the organization to act is critical in an uncertain environment. Rather than trying to sell a plan, engage people in the context, facts and situation around the challenge. Point to the connections between the planned actions and how they address the challenge. Involve them in understanding how this plan changes their work and responsibilities.

## Lead Into the Future

Uncertainty means change. Leading in uncertain times requires executing now while adapting to moving markets and challenges. Business-as-usual leadership approaches focus on achieving the plan supported by stable assumptions. Uncertainty challenges the validity of assumptions and the potency of actions and plans. Leading into the future is a process of constant adjustment across three situations, as shown in Figure 3.

Figure 3: Leading Across the Now, Near and Next Situations

Leading Across the Now, Near and Next Situations



**Now**



**Near**



**Next**

	<b>Now</b>	<b>Near</b>	<b>Next</b>
<b>Description</b>	The current market conditions and challenges that are within your control.	Highly likely changes that will require you to respond in the Now.	Strengthening company and product position as the economy improves.
<b>Time Frame</b>	<ul style="list-style-type: none"> <li>• Today and the next 30 days, or</li> <li>• Triggered when there is an external event requiring an immediate response</li> </ul>	<ul style="list-style-type: none"> <li>• The next two rolling quarters with a focus on the current quarter</li> <li>• Today and for the next 30 days, or when a trigger event happens that requires an immediate response</li> </ul>	<ul style="list-style-type: none"> <li>• Overall, the next 12 to 18 months with a focus on fiscal years</li> <li>• Triggered when customers and markets signal stronger growth</li> </ul>
<b>Leadership Scope</b>	<ul style="list-style-type: none"> <li>• Challenges addressed without changing company direction, plans or priorities</li> <li>• Tactical decisions and exceptions made based on current conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluating changing market conditions for emerging challenges</li> <li>• Implementing plans and policies developed as part of marking for the future</li> </ul>	<ul style="list-style-type: none"> <li>• Constantly positioning the company and its products against customer values in an economic recovery</li> <li>• Ensuring that product investments are relevant to future needs</li> </ul>
<b>Examples</b>	<ul style="list-style-type: none"> <li>• Refocusing resources to move customers through the sales process</li> <li>• Approving exceptions or ad hoc efforts to achieve plans</li> </ul>	<ul style="list-style-type: none"> <li>• Reprioritizing or reorganizing resources in response to triggers</li> <li>• Launching new messaging based on competitor conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Positioning and updating products for a stronger growth environment</li> <li>• Setting and acting on your future ambition</li> </ul>

Source: Gartner 787324



There is no magic to leading into the future: There is only the need to consistently consider your actions across each of these situations. See *Raising Technology and Service Provider Relevance in 2023: Now, Near and Next for an application of leadership specifically related to customer engagement and revenue generation.*

### Flashing Forward to the Future

High-tech leaders need a way to constructively lead through times of uncertainty as they face a paradox – the need to grow revenue in an economy that may tip into recession. Leaders grow in uncertain times by focusing a firm’s ability to execute on the things that matter now and in the future. This requires changing toward the way things are, rather than the way you would like them to be. The steps within the Leading Now framework provide a structure for this process and the unique challenges of uncertainty.

In a way, leading now requires taking action by flashing forward to the future, rather than flashing back to repair and recoup the past. Working from the past surrenders the company’s future to uncertainty and doubt. Leading now, instead, works forward, creating success based on leading now, in the near term and in the next economy.

### Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

Raising Technology and Service Provider Relevance in 2023: Now, Near and Next

Executive Leaders Insight: Making High-Quality Decisions in an Environment of Change

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