



4 Common Reasons Strategies Fail

By Andrea Belk Olson

Business strategies often fail. This is well-known by now: According to studies, some 60–90% of strategic plans never fully launch. The causes of derailment vary widely, but execution consistently bears the blame. While that can be — and perhaps often is — a fair diagnosis, it isn't the whole story. The strategy design itself can be the real problem, however difficult that might be to admit.

Consider this scenario: hundreds of hours are spent building a comprehensive strategy, followed by a string of presentations, status meetings, and progress reports. As early momentum and excitement dwindle, organizational commitment begins to falter. Teams produce the perfunctory actions to satisfy leadership. Leadership starts to question the plan's sustainability and viability. The strategy is quietly abandoned, and the cycle resets.

Was poor execution at fault? Maybe. But strategies can be burdened with fatal flaws which only come to light during implementation. Without knowing whether issues existed within the plan itself, the true point of failure can be debatable.

Let me give you a more specific example. One of our clients had designed an aspirational strategy, articulating their goal of “becoming the Tesla of our industry.” While this strategy was supported by market research and justified with customer feedback, the organization was incapable of achieving it. The company was technologically in the dark ages, and the team was hampered with resource, talent, and capability shortages. Culturally conservative, the organization was highly risk-averse and cost-controlling. The current state made the leap implausible at best, and impossible at worst.

Strategy issues like this manifest when leadership over-focuses on the external landscape, leaving the internal terrain unexplored. By the time the strategy is presented to the organization, it's already dead-on-arrival. The problem is the map, not the territory. In other words, the strategy is disconnected from reality. This breeds uncertainty, which grinds action to a halt.

Instead of reactively addressing failures during implementation, leaders need to examine whether the strategy was on solid footing in the first place. This requires stripping away assumptions to avoid four foundational errors that set strategies up to fail.

Error #1: Not understanding the problem.

A PR crisis might not simply be a branding problem; it can also be a leadership problem. Issues with differentiation might not be just a product development problem, but also a positioning problem. The same goes for strategy. The entrance of new competitors, dramatic declines in sales, or technology disruptions may be viewed as reasons for a new strategy. Yet each of these are unique challenges which may or may not require a full-fledged revamp.

It is essential to deeply examine what circumstances require complete upheaval versus tailored refinements to the current strategy. Many times, it's the latter. Say a large company is feeling intense pressure from a competitor. Their aggressive marketing tactics are eating into the firm's revenues. In reaction, leadership decides a new strategy is in order.

However, the competitor's heavy marketing investment doesn't encompass all the causes of declining revenues. The reasons may be much simpler, such as an outdated pricing model. While the competitive pressure is visible, it may not constitute the central reason for falling sales. In turn, the development of a new strategy may be unnecessary.

Error #2: Not understanding the organization's capabilities.

Strategies are often a product of leadership collectively participating in their design. Yet most organizations don't consistently practice strategy development. After all, according to Harvard Business School, 85% of executive leadership teams spend less than one hour per month discussing strategy and 50% spend no time at all. Creating an effective and executable strategy is a cultivated skill. Leaders mired in day-to-day tactics throughout the year are often unsuited for creating strategy when planning time comes.

In addition, simply having an experienced leadership team in place doesn't guarantee an organization's ability to create a strategic plan. A CEO recently shared with me her unwavering confidence in her organization's ability to execute. Yet, when attempting to craft a strategy, leadership struggled for months on end. They applied a variety of best practices throughout dozens of meetings, only to produce a plan which wasn't a strategy, but rather a wish list of lofty goals. The CEO had assumed implementation talent equated to strategic savvy.

Leaders who are advanced in strategy roles often have a superior track record in the execution of predetermined projects. Those things typically don't require long-term thinking, which is what strategy planning is. As a result, they don't really know where to begin and default to focusing on execution. Without consistently immersing your leadership team in strategy and long-term thinking, their strategic capabilities will never become fully developed and will result in a plan with marginal effectiveness.

Error #3: Not understanding the immovable pressures.

Every organization has ongoing operational activities which keep the company running. In fact, there are often so many existing initiatives competing for employee time that it's incredibly challenging to carve out time for strategy planning, much less implementation. A recent study found that 76% of employees spend less than three hours per week on strategic work.

Compounding this pressure, many leaders are also working managers, expected to simultaneously do the job they supervise. Organizations even pride themselves on having them, fostering a norm that no one is too special not to share the workload. Yet when a new strategy is introduced in these environments, employees often have limited bandwidth to contribute to its success.

A strategy designed without consideration of these contexts and the resources they consume is relegated to taking a back seat to day-to-day operations. Employees already working at full capacity will default to working on the easy and familiar, rather than a brand-new initiative requiring more time and mental energy, because by nature we're hard-wired to take the path of least resistance.

Error #4: Not understanding the cultural landscape.

An organization's historical conditions provide employees with the guidelines for judging whether a new strategic plan has legs. A multi-billion-dollar company we worked with had a culture of developing what was termed "flavor-of-the-month" initiatives. These strategies were often launched with extensive fanfare, only to lose their shine within a matter of weeks, when a new one took its place.

Any new strategy introduced exists in the context of the plans that came before it. Therefore, its design must consider what precedent establishes its perceived success or failure. Culturally speaking, the strategy can be viewed as temporary or permanent by the front-line, and the organization will respond accordingly despite executive pressure.

Leaders must assess how the company culture will potentially impact the strategy, and account for those internal barriers as part of the rollout process. This comprises positioning, messaging, and packaging, but more importantly, behaviors. The leadership team should candidly address prior issues with past initiatives and utilize their actions to embody critical elements of the new strategy — for example, by

consistently highlighting the voice of the customer to support a service-centered strategy.

When strategy implementation loses momentum, it's a result of uncertainty. Retired four-star general Stanley McChrystal, when asked about his perspective on strategy said, "Some people keep asking for more information and what they're trying to do is drive uncertainty to zero...but you can't do that. It's not achievable. So, they become hesitant. They become tentative, and they become focused on getting more and more information to ratchet the uncertainty out of the situation and they don't act."

Successful execution is a product of the fastidiousness of the plan itself. Just because a strategy is formulated, doesn't mean it's ready for hand-off to the front-line for execution. Examine whether the strategy considers the context in which it must be executed, as this is where uncertainty proliferates, and address those potential pitfalls preemptively. This will ensure the team has the tools to deliver the hoped-for results.

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