

Why Strategy Fails in Execution

How organisations can close the gap between strategic intent and business performance

Executive Summary

Organisations invest substantial time, money and leadership attention in developing strategy, yet many strategic initiatives are never fully implemented.

Across the research reviewed for this study, reported implementation failure rates ranged from **15% to 90%**, reflecting both genuine execution challenges and differing definitions of success. Comparative PMI research placed the average failure rate at **44%**; the organisation examined in this study reported a comparable average of **38%**.

The more important finding was not how much of the strategy was completed, but **why implementation broke down**. Execution failure was rarely caused by the strategy alone. The most significant barriers lay within the organisation expected to deliver it: leadership, management capability, structure, communication, prioritisation and access to the right skills.

The study identified three areas requiring particular attention:

- Management capability;
- Leadership alignment; and
- Organisational structure, governance and development.

This has a clear implication for boards and executive teams: **developing the strategy is only the beginning. The organisation itself must be designed, resourced and managed to execute it.**

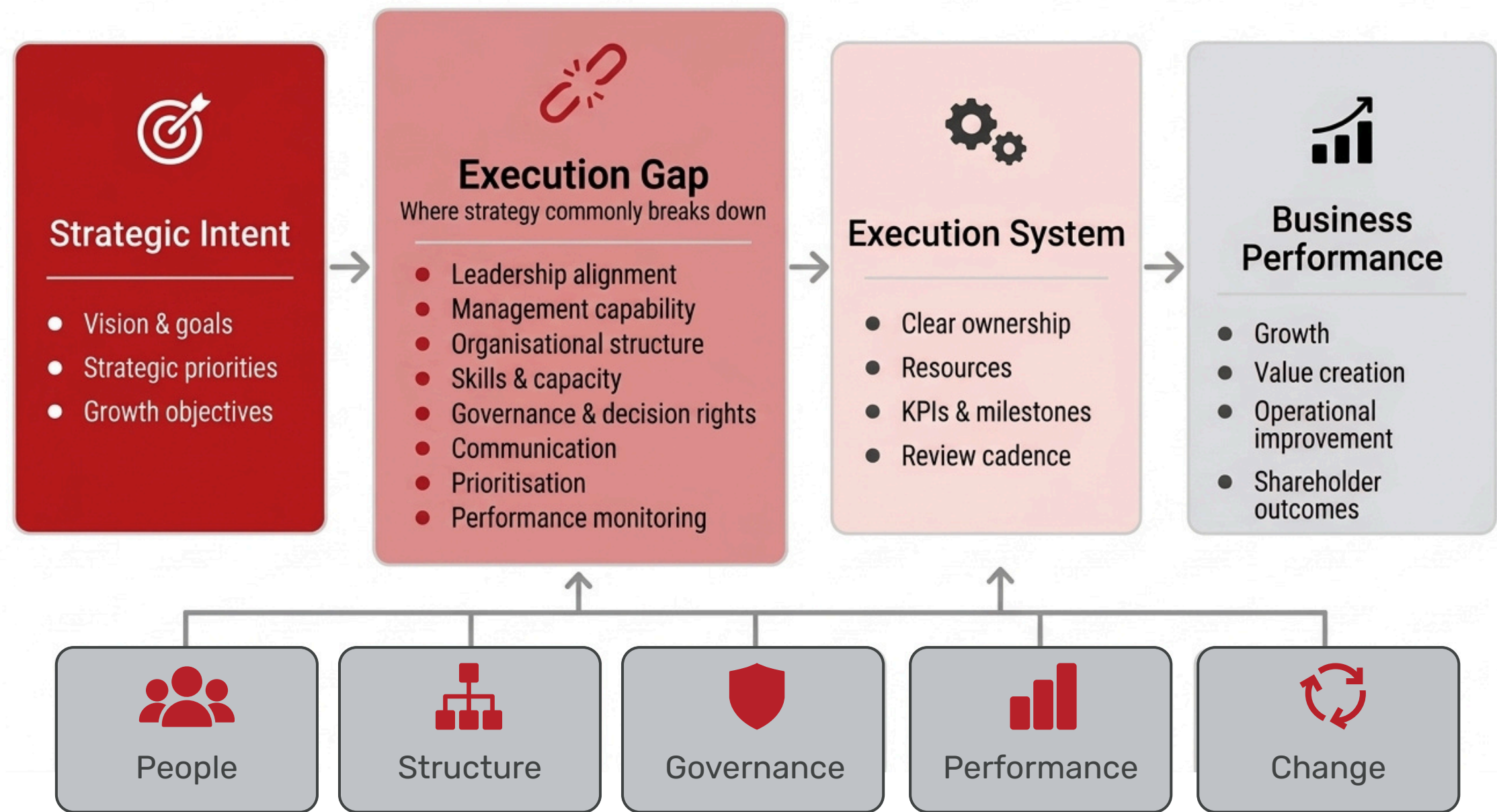
The Strategy-Execution Gap

The research revealed a clear distinction between having a sound strategy and having an organisation capable of delivering it. In the organisation studied, the strategy was generally considered appropriate and achievable; strategy setting and accountability were not the primary barriers.

Instead, interviews highlighted recurring weaknesses in **management and leadership capability, organisational structure and access to the right competencies**.

Closing the Strategy-to-Execution Gap

How organisations turn strategic intent into business performance



1. The organisation lacks the required capability

New strategies often demand capabilities that do not yet exist. Growth, acquisitions, international expansion, digital transformation and new operating models may all require skills far beyond those needed to run the existing business.

The research repeatedly identified three problems:

- the wrong people in key roles;
- insufficient specialist expertise; and
- inadequate management capacity to deliver strategic initiatives.

Leaders should therefore ask: **Does the organisation have the people and capabilities required to deliver the strategy it has approved?**

If not, those capabilities must be built, acquired, redeployed or supplemented.

2. Strategy is not translated into execution

Strategy often remains at board or executive level instead of being converted into a practical operating program.

Successful implementation requires a disciplined progression from:

priorities → initiatives → ownership → resources → milestones → performance measures → management review

Each strategic objective should have clear roles and responsibilities, delegated ownership, regular monitoring, corrective action and retrospective review. Without this translation process, strategy becomes something the organisation discusses periodically rather than actively manages.

3. Everything is treated as equally important

A major finding concerned **prioritisation**. When strategic initiatives are neither ranked nor weighted, stakeholders form different views of whether implementation has succeeded. Management may also gravitate towards easier initiatives while complex, higher-value work receives less attention.

Strategic initiatives should therefore be prioritised so that those with the greatest potential impact receive the necessary **management attention, resources and time**. Completing ten low-impact initiatives is not necessarily better than delivering the two that materially increase enterprise value.

4. Strategy is poorly communicated

Perceptions of success varied sharply according to how well individuals understood the strategy. Within the organisation studied, survey respondents estimated implementation failure rates ranging from 8% to 80%. Interviews suggested that much of this variation arose because people had very different levels of knowledge about what the strategy contained.

This creates a second execution gap: **senior leaders may believe the strategy has been communicated because it has been presented, while the wider organisation still does not understand what it means in practice.**

Effective communication must go beyond announcing the strategy. People need to understand:

- what the organisation is trying to achieve;
- which priorities matter most;
- how they are expected to contribute;
- how success will be measured; and
- what must change.

Execution Is a Leadership and Organisational Discipline

Strategy implementation cannot be separated from organisational design. An organisation structured to manage today's operations may not be equipped to deliver tomorrow's strategy.

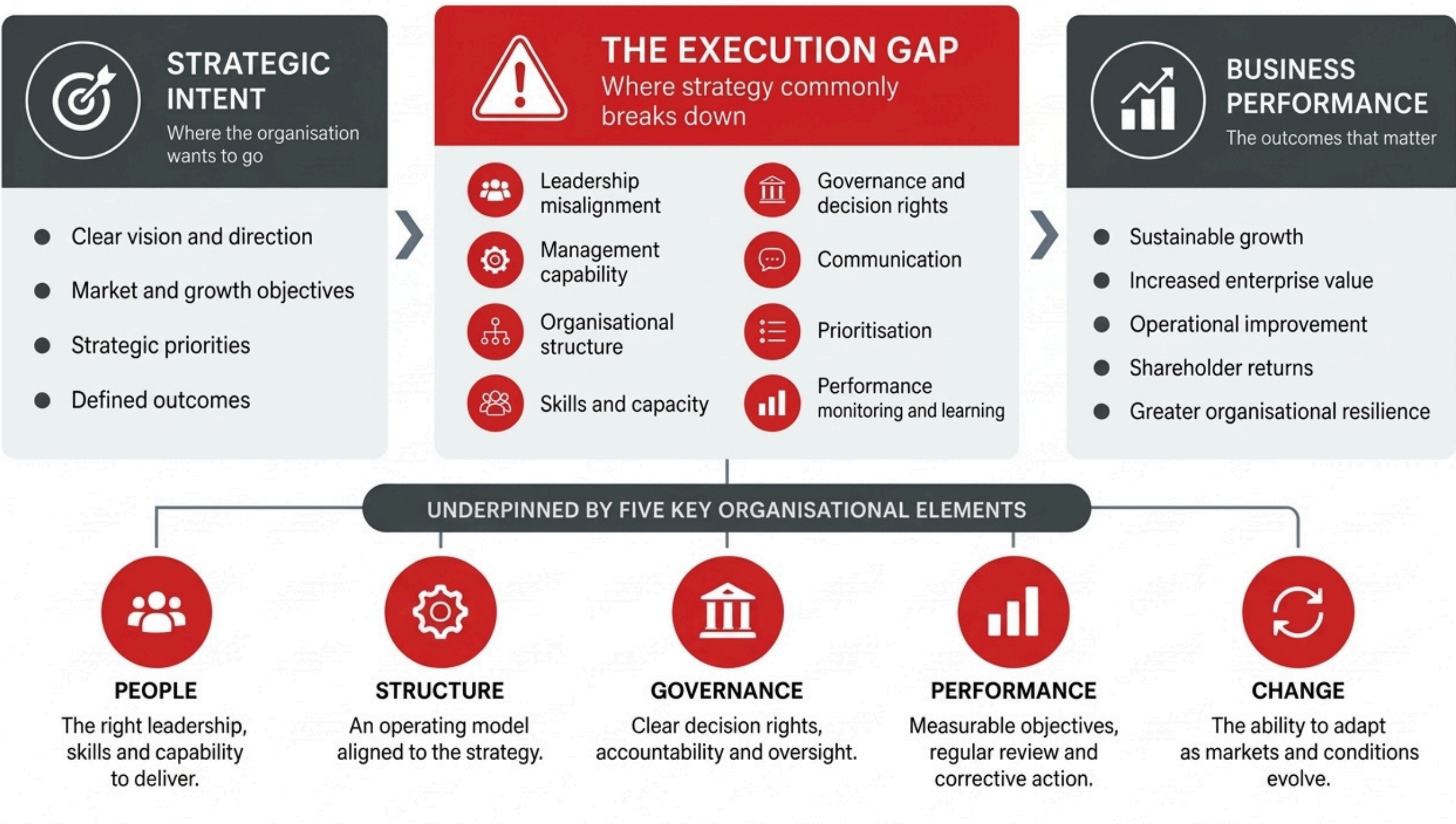
Whenever strategy changes, leaders should reassess:

- **Structure:** Does the operating model support the new direction?
- **Capability:** Do we have the required skills?
- **Capacity:** Do people have the time and resources to execute?
- **Governance:** Are decision rights and accountability clear?
- **Leadership:** Are executives aligned around the same priorities?
- **Performance:** Have strategic objectives been translated into measurable outcomes?
- **Change:** Can the organisation adopt what the strategy requires?

The study found that barriers clustered around staffing, structure, leadership's ability to interpret and implement strategy, change readiness, and differences between board and management perceptions of capability and performance. Strategy execution must therefore operate as a **management system**, not as a periodic strategic exercise.

The Strategy-to-Execution Gap

Why good strategies fail – and what it takes to turn strategic intent into business performance.



From Strategy to Execution: Five Priorities for Leadership Teams

The research points to five practical disciplines:

1. **Prioritise the strategy.** Rank initiatives by their potential impact, and allocate resources according to strategic importance rather than ease of implementation.
2. **Assess organisational capability.** Compare the capabilities required for each priority with those currently available, and address critical gaps before they become implementation failures.
3. **Build a clear execution architecture.** Give every major initiative defined ownership, resources, milestones, decision rights, KPIs and a regular reporting rhythm.
4. **Integrate strategy into management and governance.** Make implementation a standing item for executive and board meetings, supported by structured progress reporting and clear escalation routes.
5. **Continuously reassess the strategy.** Review long-term strategies for continuing relevance as conditions change, rather than implementing them mechanically because they were approved years earlier.

Implementation should be a regular focus of management and board discussion, supported by documented plans, explicit priorities, realistic timelines, appropriate resources and active oversight.

The Real Measure of Strategic Success

Completing 100% of a strategy is not necessarily the right measure of success. Markets, competitors, technology, capital availability and regulation all change. A strategy designed three or five years ago may therefore need to evolve.

An organisation could execute every element of an outdated strategy and still destroy value. Another could implement only part of its original plan, adapt intelligently and significantly outperform.

The better question is not:

“How much of our strategy have we completed?”

It is:

“Are we executing the initiatives that matter most, and are they producing the outcomes the strategy was designed to achieve?”

Organisations should continually test whether the strategy remains relevant, align their structure with the outcomes they seek, and direct resources towards high-impact initiatives rather than the easiest items to complete.

Closing Thought

Strategy failure is often described as a problem with the strategy itself. The evidence points elsewhere: **in many organisations, the strategy is not the problem; the execution system is.**

Organisations are most likely to close the strategy–execution gap when they align **strategy, people, structure, governance and performance** as one integrated system. That is how strategic intent becomes organisational performance.

About the Research

This paper draws on research into strategy implementation within a Saudi-listed investment holding company and its broader operating environment. The study combined academic and practitioner literature, a survey benchmarked against PMI research, and interviews with senior leaders. It examined strategy setting, management, accountability, leadership, and organisational structure and governance.