

The Top Ten Reasons Business Strategies Fail

“The best laid plans of Mice and Men oft go awry.”

*Robert Burns
1785*

Bringing your business strategy to life is never easy. A recent study of 163 CEOs by [Forbes Insights](#) found that nearly a third of all corporate strategies never get off the page into practice. It's not an uncommon observation and the reasons run the gamut from confusion around what was meant to too many operational priorities.

At FOCUS Management, we've been in the strategy development and execution business for more than 25 years. There has been plenty of change over the last quarter century, but the most common reasons business strategies fail remain the same:

Reason #1: No strategic alignment

Strategic planning goes hand in hand with strategic alignment – on many levels. For your strategic plan to succeed, every structure, process, system and person in your organization must support it. Everyone – from the CEO to the front line employee – must have a clear understanding of the organization's direction and more importantly their roles within it; and they must be firmly and resolutely committed to the goals.

Reason #2: Too much organizational “wobble”

Some organizations could be compared to a rudderless ship – no focus or direction. We call this “organizational wobble” and it causes strategic plans to fail. Wobble allows even the best strategic plans to be “hijacked” by operational, staffing or cultural issues. Wobble makes people, departments and functions move at different speeds and in different directions. Wobble destabilizes an organization and creates chaos. The strategic plan doesn’t stand a chance.

Reason #3: Lack of accountability – there is no results-oriented action plan

In a research study, reported in the Harvard Business Review, June 2008, the #1 of 17 reasons for unsuccessful strategy implementation was, by far, “**unclear accountabilities for decision and actions**”. Good ideas should inevitably lead to work for someone. But it must be the right work, owned and done well by the right people for the job. It’s imperative to apply a process that builds engagement, delivering a results-oriented action plan, with accountability and timelines. Every objective, initiative and action in your strategic plan must be taken by an owner. And every owner must be held accountable to measurable results. Success should be recognized – and non performance must have tangible personal consequences. We advise regular strategy review meetings where everyone reports on their progress against plan milestones and achievement against expected results.

Reason #4: Poor employee engagement - little or no communication.

It's simply not enough for senior leaders to deliver a clear and achievable strategy. Town Hall meetings, electronic messages, motivational wall charts, inspirational messages, all employee meetings, while helpful ARE NOT ENOUGH. The strategy must be translated in ways that motivate employees, to make their work more focused and valuable to the organization. Often, communication professionals are brought in too late or not at all. Worse, they're given little to no information about the strategy so they can't effectively communicate an understanding of what's required, and why. Employees must understand the plan and their contribution to the success of that plan by being engaged in real, open and courageous conversations or they won't support it. They will resist and rebel....openly or subversely They may even quit the organization.

Reason #5: Employees make bad decisions

The math is simple. Zero strategic alignment plus poor employee communication equals bad decision making. Business decisions are governed by the information available, and how well that information is understood. Front line employees must have the bigger picture in mind when it comes to making day-to-day decisions that impact the bottom line.

Reason #6: The goal is unclear.

Loose and lofty goals won't make sense to employees. The goal needs to be clear – job one when it come to strategic planning. Senior leaders must set clear expectations and define success in no uncertain terms. A well-facilitated exchange of thoughts and ideas helps to define and clarify your strategy for the people who make it happen. When the mandate is clear, individuals better understand how their work contributes to the overall success of the organization.

Reason #7: Getting the right strategy and commitment

Strategic planning is an inclusive activity. If you don't ask for input from key stakeholders, you can expect resistance when it comes time to put the plan to action. Engage all important stakeholder groups early in the planning process. The #2 reason for strategic plans that don't work, according to the HBR article, is that important information about the competitive environment does not get to senior leaders quickly or at all. Key stakeholders, inside and external, are a wealth of , untapped, strategically important knowledge.

Reason #8: The strategy is weak or just wrong

Strategic planning begins with a dynamic, disciplined conversation with your senior management team to help develop the right strategy for your organization. There are generally three questions on the table:

- Where are you today?
- Where do you want to go?
- How will you get there?

You need to understand where you are before you figure out where you're going. The answers demand a thorough and comprehensive understanding of your market and your customers. Organizations need to know and understand the size of the potential market, where there are opportunities and where there are threats exist. An effective strategy is one that aligns your organization to the realities of the external business environment. Understanding the key external threats and opportunities, and the implications to your business enables the development of strategic initiatives that move the business towards its vision and goals. We call this strategy alignment. A strategy that is right for the time and right for the organization.

Reason #9: Long on strategy – short on execution

Implementing a strategic plan can be more challenging than formulating the strategy in the first place. Year after year, we help leaders identify the right structure, processes, systems and performance measures that take bring their strategy to life. But without execution, the plan is only as good as the paper it's written on. Execution is not an option. We guide leaders through a step-by-step strategic project management process to select, prioritize, manage and measure project outcomes. We help organizations choose to do the right projects – those aligned with the strategic plan – and executing those projects well. We call this organization alignment.

Reason #10: Unforeseen external circumstances

Sometimes there is no way to predict a company will be sold, taken over or merged with another organization. There also no way to accurately predict the impact of a sudden economic spike or downturn. That's why it's important that your strategic plan be a flexible enough to adjust for the unexpected. 'What if' scenario planning helps to minimize the impact of surprises.

So what does a successful strategic plan look like?

- ✓ There is alignment up, down and across the organization.
- ✓ The strategic plan is aligned with the realities of today's business environment
- ✓ Conversation and engagement is paramount. Everyone – from the CEO to the front line employee understands the plan, and the contribution made by each to its success
- ✓ Accountability is clear. There is an owner for every objective, action and initiative.
- ✓ Results are measurable – and measured. Great results are recognized. Poor results have consequences.
- ✓ The right people are working on the right projects, and making the right day-to-day decisions in line with strategy.

Want to know more about how to bring your strategic plan to life? Want to learn more about how you can have your organization's wobble assessed? Visit our website at www.focusmanagement.ca