

Since Michael Porter's seminal work in the 1980s we have had a clear and widely accepted definition of what strategy is—but we know a lot less about translating a strategy into results. Books and articles on strategy outnumber those on execution by an order of magnitude. And what little has been written on execution tends to focus on tactics or generalize from a single case. So what do we know about strategy execution?

We know that it matters. A recent survey of more than 400 global CEOs found that executional excellence was the number one challenge facing corporate leaders in Asia, Europe, and the United States, heading a list of some 80 issues, including innovation, geopolitical instability, and top-line growth. We also know that execution is difficult. Studies have found that two-thirds to three-quarters of large organizations struggle to implement their strategies.

Nine years ago one of us (Don) began a large-scale project to understand how complex organizations can execute their strategies more effectively. The research includes more than 40 experiments in which we made changes in companies and measured the impact on execution, along with a survey

administered to nearly 8,000 managers in more than 250 companies (see the sidebar "About the Research"). The study is ongoing but has already produced valuable insights. The most important one is this: Several widely held beliefs about how to implement strategy are just plain wrong. In this article we debunk five of the most pernicious myths and replace them with a more accurate perspective that will help managers effectively execute strategy.

MYTH 1 Execution Equals Alignment

Over the past few years we have asked managers from hundreds of companies, before they take our survey, to describe how strategy is executed in their firms. Their accounts paint a remarkably consistent picture. The steps typically consist of translating strategy into objectives, cascading those objectives down the hierarchy, measuring progress, and rewarding performance. When asked how they would improve execution, the executives cite tools, such as management by objectives and the balanced scorecard, that are designed to increase alignment between activities and strategy up and down the chain of command. In the managers' minds, execution equals alignment, so a failure to execute implies a breakdown in the processes to link strategy to action at every level in the organization.

Despite such perceptions, it turns out that in the vast majority of companies we have studied, those processes are sound. Research on strategic alignment began in the 1950s with Peter Drucker's work on management by objectives, and by now we know a lot about achieving alignment. Our research shows that best practices are well established in today's companies. More than 80% of managers say that their goals are limited in number, specific, and measurable and that they have the funds needed to achieve them. If most companies are doing everything right in terms of alignment, why are they struggling to execute their strategies?

To find out, we ask survey respondents how frequently they can count on others to deliver on promises—a reliable measure of whether things in an organization get done (see "Promise-Based Management: The Essence of Execution," by Donald N. Sull and Charles Spinoso, *HBR*, April 2007). Fully 84% of managers say they can rely on their boss and their direct reports all or most of the time—a finding that would make Drucker proud but sheds little light on why

Idea in Brief

WHY STRATEGY EXECUTION UNRAVELS—AND WHAT TO DO ABOUT IT *HBR.ORG*

THE PROBLEM	THE RESEARCH	THE RECOMMENDATIONS
We have thousands of guides about developing a strategy—but very few about how to actually execute one. And the difficulty of achieving executional excellence is a major obstacle at most companies.	Executives attribute poor execution to a lack of alignment and a weak performance culture. It turns out, though, that in most businesses, activities line up well with strategic goals, and the people who meet their numbers are consistently rewarded.	To execute their strategies, companies must foster coordination across units and build the agility to adapt to changing market conditions.

execution fails. When we ask about commitments across functions and business units, the answer becomes clear. Only 9% of managers say they can rely on colleagues in other functions and units all the time, and just half say they can rely on them most of the time. Commitments from these colleagues are typically not much more reliable than promises made by external partners, such as distributors and suppliers.

When managers cannot rely on colleagues in other functions and units, they compensate with a host of dysfunctional behaviors that undermine execution: They duplicate effort, let promises to customers slip, delay their deliverables, or pass up attractive opportunities. The failure to coordinate also leads to conflicts between functions and units, and these are handled badly two times out of three—resolved after a significant delay (38% of the time), resolved quickly but poorly (14%), or simply left to fester (12%).

Even though, as we've seen, managers typically equate execution with alignment, they do recognize the importance of coordination when questioned about it directly. When asked to identify the single greatest challenge to executing their company's strategy, 30% cite failure to coordinate across units, making that a close second to failure to align (40%). Managers also say they are three times more likely to miss performance commitments because of insufficient support from other units than because of their own teams' failure to deliver.

Whereas companies have effective processes for cascading goals downward in the organization, their systems for managing horizontal performance commitments lack teeth. More than 80% of the companies we have studied have at least one formal system for managing commitments across silos, including cross-functional committees, service-level

agreements, and centralized project-management offices—but only 20% of managers believe that these systems work well all or most of the time. More than half want more structure in the processes to coordinate activities across units—twice the number who want more structure in the management-by-objectives system.

MYTH 2 Execution Means Sticking to the Plan

When crafting strategy, many executives create detailed road maps that specify who should do what, by when, and with what resources. The strategic-planning process has received more than its share of criticism, but, along with the budgeting process, it remains the backbone of execution in many organizations. Bain & Company, which regularly surveys large corporations around the world about their use of management tools, finds that strategic planning consistently heads the list. After investing enormous amounts of time and energy formulating a plan and its associated budget, executives view deviations as a lack of discipline that undercuts execution.

Unfortunately, no Gantt chart survives contact with reality. No plan can anticipate every event that might help or hinder a company trying to achieve its strategic objectives. Managers and employees at every level need to adapt to facts on the ground, surmount unexpected obstacles, and take advantage of fleeting opportunities. Strategy execution, as we define the term, consists of seizing opportunities that support the strategy while coordinating with other parts of the organization on an ongoing basis. When managers come up with creative solutions to unforeseen problems or run with unexpected opportunities, they are not undermining systematic implementation; they are demonstrating execution at its best.

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