



Bridge Your Strategy Execution Gap

How PuMP is the missing piece to
successful strategy execution,
organisation wide.

STACEY BARR

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Contact: For more information about this white paper or about PuMP, contact info@staceybarr.com

Why Strategy Execution Has High Failure Rates

Research shows that 60-90% of strategies will fail in execution.

When there is a disconnect between what the organisation is actually doing and what its strategic direction has planned to do, there is a strategy-execution gap. In other words, the actions taken, and the budget spent by the organisation is not achieving the strategic goals.

Organisations with a strategy-execution gap will not achieve their strategic intent and will not improve their performance in priority areas. They just waste time, money and energy – and don't end up where they wanted to be.

Research over many years suggests that anywhere from 60-90% of organisations fail to achieve their strategic goals due to poor execution.

How to close the strategy-execution gap is discussed extensively in the business literature. The focus is on a range of factors affecting successful implementation of strategy, including leadership, culture, alignment, communication, engagement, change management, measurement, resource allocation, and more. But how much do each of these factors relate to your own organisation's strategy-execution gap?

99

67% of leaders believe their organization is good at crafting strategy, but only 47% believe their organization is good at implementing strategy.

Bridges Business Consultancy, 2016 Strategy Implementation Research

The strategy-execution gap will look different for each organisation. There isn't a single generic way to close it.

The first step to closing your strategy-execution gap is to be able to see it.

Strategy Execution Failure Rates

- In their 2016 Strategy Implementation Survey, [Bridges Business Consultancy](#) found that the failure rate was 67%
- In their Forbes.com article in 2012, [Kotter International](#) reported their studies found 70% of strategies fail to deliver
- In 1996, Robert Kaplan reported in "*The Balanced Scorecard: Translating Strategy into Action*" that 90% of strategies fail to be implemented

How To See Your Organisation's Strategy-Execution Gap

Your strategy-execution gap depends on your Strategic Performance Management approaches.

Setting and executing strategy is something nearly every organisation does every year, or more often. We spend a lot of time doing it, and so it's worthwhile to make sure it works well.

If it isn't working well for between 60 and 90% of organisations, that means their Strategic Performance Management isn't working well.

Every organisation has a Strategic Performance Management process. It is the series of activities that culminate in achieving desired organisational performance results. These activities naturally group within three stages:

1. **The Design Stage:** The strategic direction for the organisation is designed, articulated, measured and aligned throughout the organisation so all business units have local goals and KPIs that contribute to the strategic direction. This happens usually no more often than annually.
2. **The Build Stage:** The strategic and business unit KPIs are implemented, dashboards are created, and a performance monitoring routine is set up. In parallel, the strategic

Activities in the Strategic Performance Management process

The Design Stage:

- Identify priorities through strategic analysis
- Set strategic goals
- Choose strategic KPIs, targets & initiatives
- Align the organisation to strategy
- Business units set goals, KPIs, targets & initiatives

The Build Stage:

- Implement strategic & business unit KPIs
- Create KPI dashboards & reports
- Establish performance review routines
- Plan projects for change initiatives
- Set change project budgets
- Create project management systems

The Execute Stage:

- Update KPI data & dashboards
- Prioritise gaps & decide actions
- Implement actions to close performance gaps
- Evaluate & learn

These activities are mapped into a flowchart on page 7, where you can also download a template flowchart to use.

change initiatives throughout the organisation are planned as projects and budgeted. This happens annually also.

3. **The Execute Stage:** The strategic and business unit KPIs are routinely updated with fresh data, monitored in dashboards and discussed and responded to in routine performance review meetings. This can happen in a weekly, monthly or quarterly rhythm, or a combination of these.

The Strategic Performance Management activities are not quite as linear as the list on the previous page suggests, but they are the building blocks of strategy design and execution.

Organisations will use a suite of approaches throughout their Strategic Performance Management process, to research, design, plan, measure, communicate, align, resource, implement, monitor and adjust their strategy.

Bridging the Strategy-Execution Gap Clue #1

Rarely do leaders map their organisation's Strategic Performance Management process, to deliberately choose and integrate the approaches it needs for successful strategy execution.

A strategy-execution gap happens when an organisation isn't using a complete suite of approaches.

There isn't a single approach complete enough to guide every activity across every part of the Strategic Performance Management process. Each approach is designed to serve a specific purpose. And approaches can be designed with different degrees of detail and practicality.

For example, the Balanced Scorecard is designed to set a strategic direction that isn't focused solely on financial results. It gives priority to strategic performance measures, but it lacks the detail and practicality to make strategic measurement easy and meaningful.

There is, however, an abundance of approaches used around the world, in every sector and industry, to support the activities of the Strategic Performance Management process:

- **Strategic planning** approaches include Balanced Scorecard, Baldrige (and EFQM and ABEF), Blue Ocean Strategy, Hoshin, Logic Model, OKRs, PESTLE, Porter's Five Forces, Scenario Planning, SWOT, and many bespoke sector-specific frameworks
- **Project planning** approaches include Adaptive Project Framework, Critical Chain, Critical Path Method, Kanban, PMBOK, PRINCE2, and Waterfall
- **Performance improvement** approaches include 5S, Agile, Business Process Management, Kaizen, Lean Six Sigma, PDCA, Scrum, SIPOC, Theory of Constraints, and Total Quality Management
- **Change management** approaches include ADKAR, Kotter's 8 Steps, Lewin's Change Theory, McKinsey 7-S, Nudge Theory, Prosci, and Satir Change Model
- **Performance measurement** approaches include Performance Prism and PuMP

Successful strategy execution requires that organisations blend a combination of approaches, like those above, to ensure there are no gaps in their Strategic Performance Management process.

However, even with a combination of these approaches, many organisations still have a strategy execution gap. And this is because [the approaches they use fail to cover all the activities in the Strategic Performance Management process.](#)

The Common Strategy Approaches Aren't Enough

If we map the common strategy approaches into the Strategic Performance Management process, we are left with gaps.

Strategic planning approaches, like Logic Model and Balanced Scorecard, map most directly into the “Identify priorities through strategic analysis” and “Set strategic goals”.

Project management approaches, like PMBOK and PRINCE2, map most directly into “Plan projects for change initiatives”, “Set change

project budgets”, and “Create project management system”.

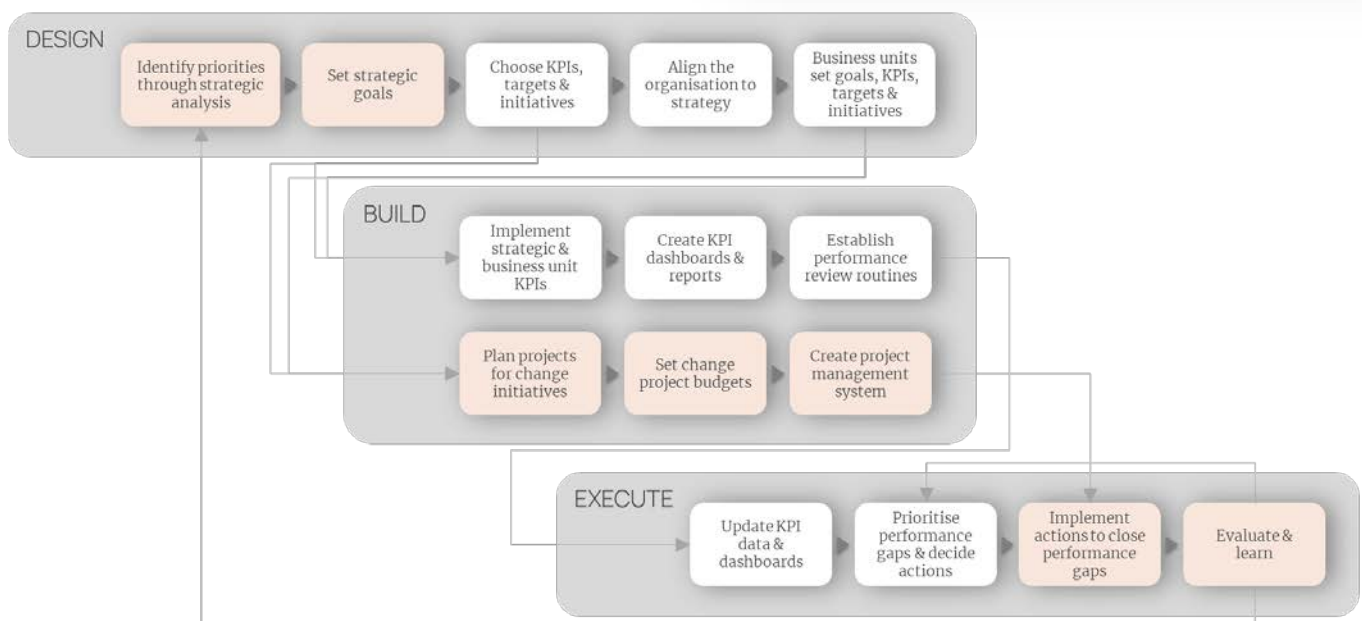
Performance improvement approaches, like Agile and Lean Six Sigma, map most directly into “Implement actions to close performance gaps”.

Change management approaches map most directly into “Plan projects for change initiatives” and “Evaluate & learn”.

But after this mapping of the common strategy approaches (see the coloured steps in the flowchart below), there are still Strategic Performance Management activities that are not sufficiently supported by them.

This mapping makes the strategy-execution gap visible. Even for organisations using a suite of the common strategy approaches, their strategy-execution gap is largely related to the measurement activities of the Strategic Performance Management process.

[Download this Strategic Performance Management process template](#), to map the approaches you use, and help identify where your strategy-execution gap is.



The Most Likely Cause Of Your Strategy-Execution Gap

Surprisingly, the lack of a proper performance measurement approach is a major reason why strategy execution fails.

The approaches listed on page 6 show an abundance of approaches for strategic planning, project management, performance improvement and change management. But notice the dearth of (deliberate) approaches for performance measurement.

Many leaders believe that their strategic planning approaches already take care of measurement. Or they believe that measurement requires only a 20-minute brainstorming during the strategic planning workshop. And this is where the problem begins.

Bridging the Strategy-Execution Gap Clue #2

Rarely is a deliberate performance measurement approach included in an organisation's Strategic Performance Management process.

Approaches like the Balanced Scorecard, Logic Model and OKRs are designed to support the Design Stage of Strategic Performance Management. However, they don't pay enough attention to exactly how to articulate clear and measurable goals, or design truly meaningful measures.

Immeasurable goals mean meaningless measures.

With immeasurable goals, the strategy-execution gap can start as soon as the strategic goals are written. When the strategic goals are too action-oriented, or they are too vague or weasel-worded for the organisation to understand, it creates a domino effect of misunderstanding and misalignment across the organisation. No matter how good the communication plan and change management plans are, if the goals are not clear and measurable, they won't be understood, and strategy execution will stall.

Conversely, a good approach to performance measurement first tests the measurability of a goal before moving onto measure selection. That's because the relevance of measures is hugely influenced by their starting point: a clear goal. With a clearly written goal, it can be meaningfully measured and more tangibly understood by employees.

Meaningless measures mean misinformed action.

Without a proper performance measurement approach integrated into the organisation's Strategic Performance Management process, no one will get accurate and timely feedback on the impact their actions have on the results that matter for the organisation's success.

Meaningful performance measurement bridges the gap between the goals that matter and the actions that will achieve those goals.

Meaningful Measures Link Goals With The Right Action

We can feel when strategy execution is working (or when it just feels like too much work).

In a completely predictable world, there is no need for strategy or measurement, because we already know what's going to happen. In a completely chaotic world, there is no need for strategy or measurement, either, because we can't influence what's going to happen.

But we live in a world between predictability and chaos. In this world, we need strategy to influence what's going to happen. And we need measurement to tell us how well that's working. We therefore live in a world where both strategy and measurement must work together to help us choose actions that maximise our influence over the results we want to happen. That is what strategy execution is about.

When strategy execution is smooth, people find it far easier to get engaged in it, over and above their 'real work'. And their engagement is fundamental to the strategy being achieved and becoming the new reality.

If we don't balance the interplay of strategy and measurement well enough, we end up executing strategy with the wrong kind of work, wasting energy, engagement, time and money.



If we have a good strategy, but poor measures, our strategy implementation is little more than [guesswork](#). That's because, even though we know the results we want, our poor measures cannot show us if our efforts and resources are improving them or not.

If we have good measures, but poor strategy, our strategy implementation will involve a lot of [rework](#). That's because our efforts and resources aren't focused on the right actions to move the measures in the right direction. So, we keep redesigning it.

If we have a poor strategy, and poor measures, our strategy implementation will always feel like [hard work](#). That's because our efforts and resources are being spent chasing unclear goals (or the wrong goals) and are guided by misinformation.

But when we have a good strategy, coupled with good measures, our strategy implementation is a smooth [execution](#). That's because we all have a clear and shared understanding of the goals that matter, and we have accurate and timely feedback about how well they're being achieved.

We cannot bridge the strategy-execution gap without a deliberate approach to select, implement and use meaningful performance measures that support strategy. Like PuMP.

How To Bridge Your Strategy-Execution Gap

PuMP is the approach that fills the gaps that common strategy approaches leave.

PuMP is known world-wide as a performance measurement approach that is practical and engaging and meaningful. But it has proven to support much more of the strategy process than just measuring goals.

That's because it includes vital steps to focus on results, engage everyone, align operations, and use fact-based approaches to improve performance and reach strategic targets.

Click the map to learn more about PuMP.

PuMP adds what is often missing from the other strategy approaches:

1. It focuses everyone on using measurement for continuous improvement and learning.
2. It insists on result-oriented and measurable goals, so it clarifies the strategy and makes it easier to communicate and understand.
3. It builds a cause-effect map to align the unique contribution of every team, and every business unit, to the strategic goals.
4. It has more how-to detail and guidance than the other "measurement" approaches, so everyone easily creates measures they love.
5. It's team-based and inclusive, so it gets the whole organisation working collaboratively to own and implement the strategy.
6. It keeps everyone focused on achieving results, rather than doing lots of activity.
7. It inspires everyone to continually close performance gaps to reach the right targets.

For these reasons, PuMP integrates with the other approaches used in the Strategic Performance Management process, making the flow more seamless.



How PuMP maps into the Strategic Performance Management process

Step 1 of PuMP, Understanding Measurement's Purpose, focuses on continuous performance improvement as the purpose of measurement, which underpins strategy execution. This supports communication and change management approaches.

Step 2 of PuMP, Mapping Measurable Results, directly maps into “Set strategic goals”, “Align the organisation to strategy”, and “Business units set goals, KPIs, targets & initiatives”, so everyone feels clear on their contribution. This supports any strategic planning approach.

Step 3 of PuMP, Designing Meaningful Measures, maps directly into “Choose KPIs, targets & initiatives”, building strong ownership and excitement for the measures that will drive strategy execution. This, again, supports any strategic planning approach.

Step 4 of PuMP, Building Buy-in to Measures, maps into “Align the organisation to strategy” and “Business units set goals, KPIs, targets & initiatives”, so all stakeholders feel ownership for the strategy. This also supports communication and change management approaches.

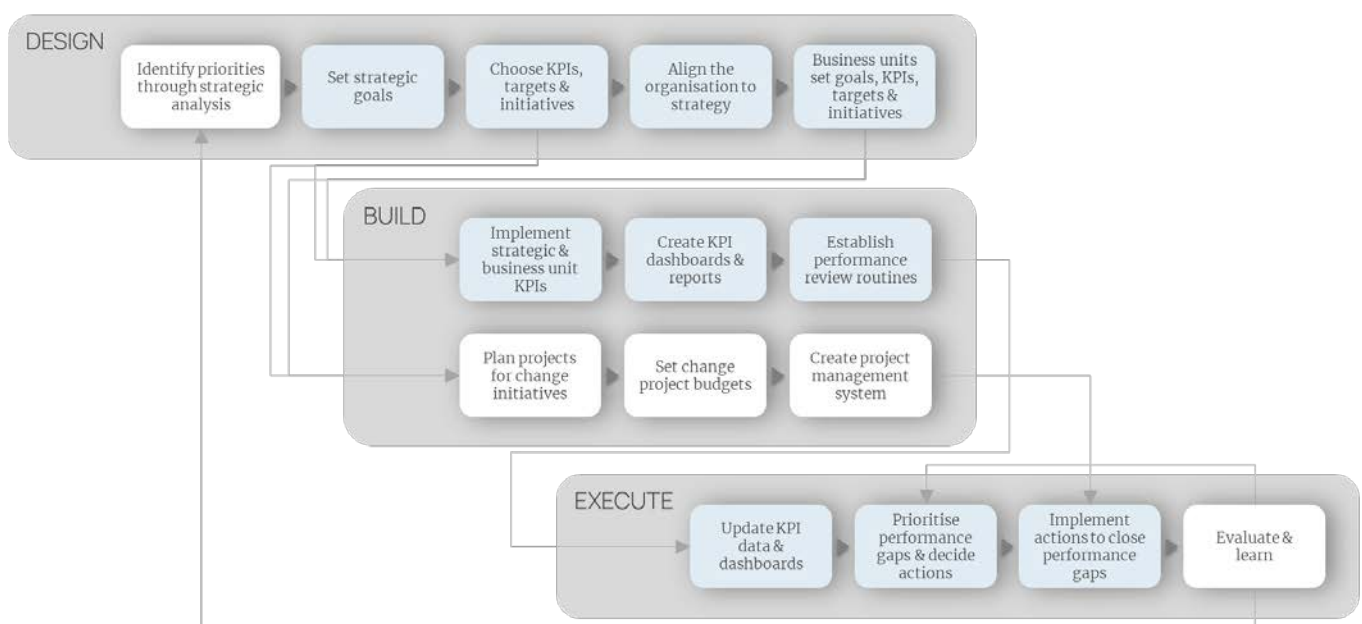
Step 5 of PuMP, Implementing Measures, maps directly into “Implement strategic & business unit KPIs” and “Update KPI data & dashboards”, providing the data to monitor the results that strategy execution should deliver.

Step 6 of PuMP, Interpreting Signals from Measures, maps directly into “Prioritise performance gaps & decide actions” and supports “Evaluate & learn”, to monitor the performance gaps the strategic initiatives are designed to close, and evaluate if they're closing. This also supports all performance improvement approaches.

Step 7 of PuMP, Reporting Performance Measures, maps directly into both “Create KPI dashboards & reports” and “Update KPI data & dashboards”, so useful and usable performance reports and dashboards can inspire everyone to action. This also supports performance improvement approaches.

Step 8 of PuMP, Reaching Performance Targets, maps directly into “Implement actions to close performance gaps”, to close performance gaps. This is the ‘doing’ of strategy execution.

This is how PuMP supports, integrates and completes approaches like Balanced Scorecard, OKRs, Agile, Prince2, and Prosci, to close the strategy-execution gap.



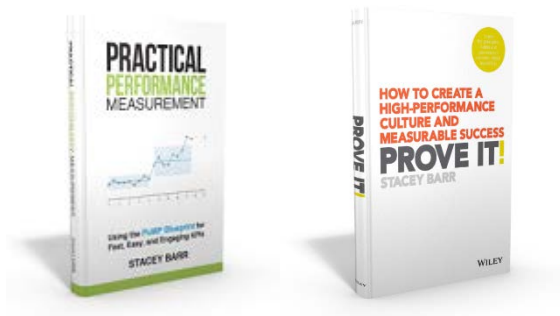
About the author

Stacey Barr is a globally recognised specialist in organisational performance measurement.

She discovered that the struggles with measuring business performance are, surprisingly, universal. The biggest include hard-to-measure goals, trivial or meaningless measures, and no buy-in from people to measure and improve what matters. The root cause is a set of bad habits that have become common practice.

Stacey created PuMP®, a uniquely methodical and practical performance measurement approach. PuMP replaces the bad KPI habits with techniques that end the common KPI struggles. PuMP makes measuring performance faster, easier, engaging, and meaningful.

Stacey is author of [Practical Performance Measurement](#) and [Prove It!](#), publisher of the [Measure Up](#) blog, and her content appears on [Harvard Business Review's website](#) and in their acclaimed ManageMentor Program.



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Contact Stacey:

- Director, Stacey Barr Pty Ltd and PuMP Academy
- www.staceybarr.com
- info@staceybarr.com
- +61 1800 883 458
- Stacey's head office is in the greater Brisbane area, but she works virtually around the world

STACEY BARR

Find your local PuMP expert...



Australia, New Zealand, Asia Pacific
Mark Hocknell

- www.markhocknell.com
- mark@markhocknell.com
- +61 0438 451 405



United Kingdom, Europe
Paul Frith

- www.rubica.co.uk
- hello@rubica.co.uk
- +44 333 241 3008



Canada, North America
Louise Watson

- www.adurastrategy.com
- hello@adurastrategy.com
- +1 604 924-4545



United States
Brook Rolter

- www.rolterassociates.com
- Brook@RolterAssociates.com
- +1 703 628 0340



Africa, Middle East
Peter Ndaa

- www.b-sea.org
- info@b-sea.org
- +254 707 968982



Africa, Middle East
Njeri Faith

- www.b-sea.org
- info@b-sea.org
- +254 707 968982



Europe, Middle East
Ayça Tümer Arıkan

- www.promeas.org
- ayca@promeas.org
- +90 535 3015705



German-speaking countries
Harald Matzke

- www.haraldmatzke.de
- hm@haraldmatzke.de
- +49 177 3945114



Spanish-speaking countries
Kristian Orozco Figueroa

- www.barev.es
- kristian@barev.es
- +34 608 280 369



Spanish-speaking countries
Gohar Orozco Assoian

- www.barev.es
- gohar@barev.es
- +34 608 185 975

PUMP

The deliberate, step-by-step performance measurement process, that makes measuring what matters faster, easier, more meaningful and engaging.

STEP 1

Understanding Measurement's Purpose

Fixing the focus firmly on continuous improvement as the purpose for measurement.

STEP 2

Mapping Measurable Results

Translating our strategy into clear, focused, and measurable performance results.

STEP 3

Designing Meaningful Measures

Choosing the most feasible and relevant measures that evidence our performance results.

STEP 4

Building Buy-In to Measures

Getting ownership from our stakeholders, quickly, easily and engagingly.

STEP 5

Implementing Measures

Documenting in detail the data, analysis and reporting requirements for each of our measures.

STEP 6

Interpreting Signals from Measures

Focusing ourselves on gaps between as-is and to-be performance.

STEP 7

Reporting Performance Measures

Creating useful and usable performance reports that inspire us to action.

STEP 8

Reaching Performance Targets

Improving business processes to move as-is performance toward to-be.