

Why strategies fail:

Finding focus for successful transformation

Because when projects succeed, society benefits

Introduction

It has been reported that between 60%-90% of strategies fail, with fewer than 15% claiming successful implementation¹.

In an increasingly uncertain and unpredictable world, planning for the future is more important than ever. According to PwC, 45% of global CEOs believe their organisations will no longer be economically viable in 10 years if they continue as they are. Consequently, executives are investing more time and money in transformations that will make their businesses fit for the future. How can leaders be sure that such investment will result in success?

This paper looks at these reasons, contributing factors, and how leaders can avoid or respond to them.

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¹Faustina Oduro Twum, "Why Strategies Fail? A Review on Strategy Implementation." Published in *The International Journal of Business & Management*, August 2021

A survey of 500 senior business leaders by Association for Project Management (APM) has found the following:

What, in your opinion, are the main reasons for strategies failing?

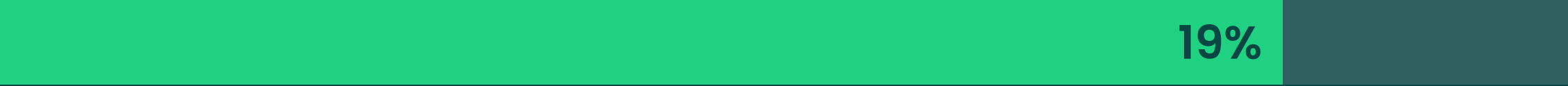
Inadequate budget



Inadequate organisational maturity



Failure to adapt/lack of agility



The strategy is overly optimistic



Lack of stakeholder engagement



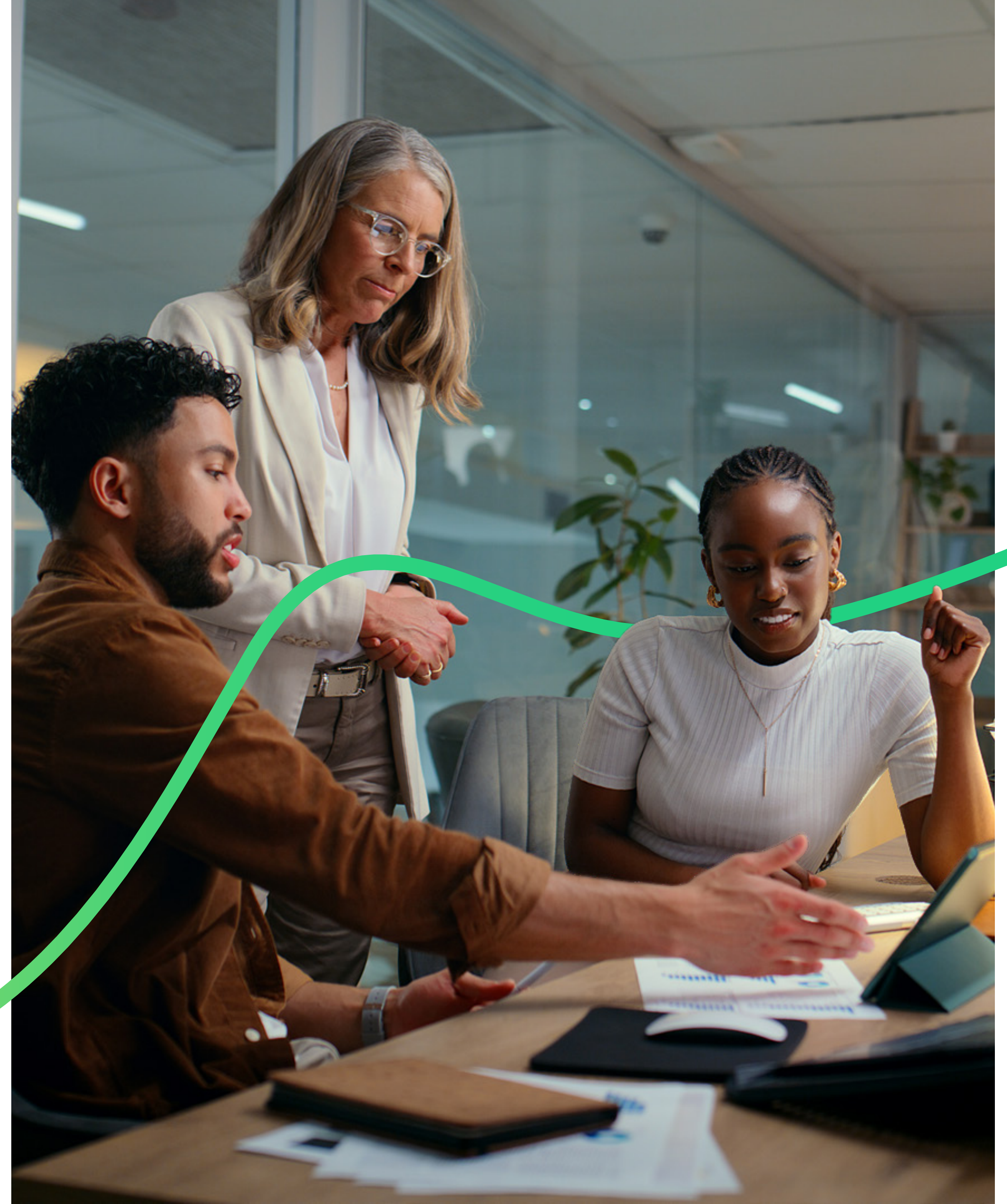
Why do strategies fail?

Inadequate budget

Undertaking due diligence to ensure a strategy's requirements are known and budgeted for is a given. But it is also important to have the right people and processes in place to make sure budgets are used correctly and to maximum efficiency.

During the discovery phase of strategic change, some organisations appoint transformation specialists to make sure the resources needed for delivery are available or can be obtained. This may be carried out by a Chief Project Officer (CPO) or equivalent, in organisations that have this role. For organisations that don't have a CPO, resource analysis may be carried out by a Champion, appointed by the sponsor, or by bringing in external specialists.

Budget should also be earmarked where necessary for development of key strategic roles, such as project sponsors. During the roundtable discussion, one contributor shared that sponsors in their organisation do not always fulfil the requirements of the role. In one case, the sponsor only attended the kick-off and wrap-up meetings at the start and end of the project. In fact, sponsors are accountable for ensuring that work is governed effectively and for ensuring the realisation of the specified benefits over time.



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Inadequate organisational maturity

Developing organisational maturity is a cornerstone of continuous improvement. Businesses are more likely to be able to formulate and execute strategy successfully when they're configured to apply learnings, have a clear understanding of their strengths and weaknesses, and are capable of adapting when needed.

Let us take adoption of new technology as an example. Virtually every organisation uses some form of data analytics while some have advanced to using Application Programming Interfaces (APIs) or Machine Learning (ML) capability to analyse their data. The goal for many however is to ascend to AI-powered intelligent performance. Such advancement should be underpinned by robust analysis of current systems, targeted application of technology, and engagement with suppliers to determine exactly how, where and why AI can be applied. Coaching and training among users is also important. This not only increases capability but unifies processes.

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Failure to adapt/lack of agility

The accelerating pace of change means business leaders face the difficulty of contending with established challenges, as well as having to navigate new ones. Adaptation is essential to surviving – and thriving.

Leading transformations that make a business fit for the future requires the right people and processes, but also an understanding of the wider context that necessitates those transformations.

Continuing with the theme of AI adoption, Harneck Chilemba commented: “Adaptability is probably one of the most important things because of the pace of change in technology. If you’re not readily adaptable and you’re not adopting things like AI, your chances of succeeding are virtually nil.”

Another point made during the discussion was that planning for the future must not be at the expense

of the moment. Changing a business should not be set up to be in conflict with running a business; the two are interlinked. It’s impossible to plan for tomorrow without also knowing the current revenue stream. But forward planning is needed to know what that stream will look like in future.

Assigning present and future focus to particular roles in business functions is one way to avoid becoming stretched too thin. One contributor commented:

“The question is around resource allocation and focus. If you focus on today’s revenue stream and planning for tomorrow, you risk compromise. Strategy needs to be broken down by team. Think about Formula 1: there is one group working on the current car and another group focused on next season’s car. Help teams realise where they should focus.”



Why do strategies fail?

The strategy is overly optimistic

A strategic vision can be thought of in terms of constituent projects or programmes, but those projects and programmes must truly support delivery of that vision. Objectivity is crucial in this regard. Even in situations where a new initiative aligns to strategic goals on paper, it's important to look at it with eyes wide open, considering the levels and types of risk it can bring. In the absence of objectivity, optimism bias can creep in, which can lead to potential risks not being properly accounted for, or for over/under extension of resources.

To avoid this, business leaders need to know how to manage and mitigate potential risks before employees start work. Of course, most organisations have levels of risk assessment and assurance frameworks throughout. But it is vital for leaders to make sure they truly understand the risks of any potential project or programme.

Rob Noble stated: "You must set scope and terms of reference very clearly because overreach can creep in quickly."


Depending on how 'hands-on' a leader's style is, serving as a project sponsor can be an excellent way to acquire this understanding. Those with a more 'hands-off' leadership style can appoint someone with the relevant competences to the sponsorship role and have them provide regular updates.

Across many different methods and domains, studies consistently report that a large majority of the population (about 80% according to most estimates) display an optimism bias. Optimistic errors seem to be an integral part of human nature, observed across gender, race, nationality and age.

Source: Professor Tali Sharot, *The Optimism Bias*



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"We go to great lengths to make sure that everyone in the organisation understands how their role and goals flow into the organisational goals."

○ Mark Walley, Chief Executive Officer at STEP

Lack of stakeholder engagement

The discussion highlighted the need for people at all levels of the organisation to 'buy in' to a strategy. In organisations where the strategy is set by a board, this should be done on the basis of a shared vision – one that is shared by the executive leadership and the board, but also front-line staff.

Mark Walley, Chief Executive Officer at STEP, said: "We go to great lengths to make sure that everyone in the organisation understands how their role and goals flow into the organisational goals."

"This is where we talk about having the right team in place, but also making sure everyone in the organisation understands their role."

Sometimes a senior business leader or sponsor may be emotionally invested in a project, which can make it difficult to convince them if the initiative needs to be stopped. Project professionals must therefore be able to make a persuasive case, but to do so with sensitivity and diplomacy. This role has been termed Exit Champion: someone with the temperament and credibility to question a prevailing belief, produce robust data on the viability of the project, and, if necessary, forcefully make the case that it should be stopped.

Measuring success

APM's survey of business leaders found a high degree of diversity in what people regard as strategic success. Financial performance is not the only metric used to determine whether a strategy has succeeded, or even the most common one. The notion of benefit realisation is coming to the fore; that is, the goals of the strategy are not purely about driving profit but about delivering an intended benefit.

What is the main way in which your organisation usually measures the success of its business strategy

Employee engagement and retention

21%

Financial performance (e.g. revenue, profit margins)

21%

Customer satisfaction and loyalty

21%

Achievement of strategic milestones

20%

Market share growth

18%

Measuring value as an outcome of strategic transformation – whether to the customers, employees, the organisation itself, or some other stakeholder group – is a strength of project professionals. Development of those competences associated with project, programme and portfolio management will help businesses understand and measure success.



Fail fast



The idea of ‘killing off’ strategic action that’s unlikely to achieve its intended purpose can be challenging because cancellation may be seen as a failure (or there’s a fear that it might be interpreted as such). If a decision-maker is emotionally invested in a project, it can be difficult to convince them that it needs to be stopped.

Steps to help mitigate this include:

- Appoint people with the right qualities to lead. People appointed to lead strategic projects and make decisions must be data-led, open to diverse opinions and have trust in their experts.
- Set and agree exit triggers at the outset. This aids decision-making and provides justification. Review these regularly and don’t be afraid to challenge.
- Consider appointing an Exit Champion: someone with the temperament and credibility to question a prevailing belief, produce robust data on the viability of a project, and, if necessary, forcefully make the case that it should be stopped.

Commenting on this point, Harneck Chilemba said: “If your strategy fails, it also means your risk management strategy has failed. Your risk strategy must always point to ‘when do we actually start executing?’ You must always be asking ‘is it worth us continuing with this?’”

About APM

The Association for Project Management (APM) is a professional membership organisation that sets the standards for the project profession and raises its profile. APM is the only chartered organisation representing the project profession in the world. As a registered charity, APM delivers learning and networking opportunities, qualifications, research, resources, events and best practice guidance for the project community, helping the profession deliver better.

APM currently has over 45,000 members and more than 470 corporate partners based in 140 countries.

Further resources

- [The difficult questions you must ask of your strategy](#)
- [Adapt, Survive and Thrive part 1](#)
- [Adapt, Survive and Thrive part 2](#)
- [A Guide to Project Sponsorship](#)
- [What is benefits management and project success?](#)



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Following the success of the inaugural Windsor Project Summit, we invite senior executives to express their interest in attending our next event set to take place at St George's House, Windsor Castle on Thursday 23 October 2025.

Designed exclusively for C-suite leaders, this summit offers a unique platform to explore cutting-edge insights, share strategic perspectives and shape the future of the project profession. To maintain the calibre of discussions and networking opportunities, participation is limited to executives holding C-suite positions. If you meet this criterion and wish to be considered for an invitation, **please fill out this form.**





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