

Executing Strategy – The Three Gaps and How to Close Them

When we execute strategy we make some *plans* to determine a set of *actions* to take in order to achieve a set of *outcomes*.

The problem we all face in executing strategy is that the plans, the actions and the outcomes have gaps between them - the knowledge gap, the alignment gap and the effects gap:

The *knowledge gap* is the gap between what we would like to know and what we actually know – which means we cannot make perfect plans;

The *alignment gap* is the gap between what we would like people to do and what they actually do – which means we cannot be sure they have all understood what we really want;

The *effects gap* is the gap between the outcomes we would like our actions to achieve and what they actually achieve – which means we cannot predict the effects of chance events or the reactions of others to the actions we take.

There is a set of common reactions to each of these gaps which are quite natural and therefore feel like the right thing to do:

To close the knowledge gap we seek more information;

To close the alignment gap we issue more detailed instructions;

To close the effects gap we exercise tighter control.

Unfortunately, these reactions do not only fail to solve the problem, they actually make it worse. Decision-making slows down, people become passive as they wait to be told what to do, and managers spend their time collecting and processing information to prepare for the next review meeting. The organisation turns inward instead of focussing effort on achieving the outcomes it wants.

Instead of reacting like this we should:

Formulate strategic direction as an intent, in other words in terms of what to achieve and why, allocate resources and set the boundary conditions to be observed;

Tell people on the next level down what we want them to achieve and why, and ask them to come back to us and tell us how they will do that – in other words give them a briefing and ask them to brief you back;

Measure and monitor the effects that result from the actions people take and give them freedom of action within the boundary conditions you have set to adjust their actions to achieve the intent as the situation changes.

In this way we combine what every business needs in our highly uncertain world: the high alignment needed to gain focus and energy, with the high autonomy needed to adapt to a fast changing uncertain environment.

Stephen Bungay

For more information on Stephen's approach to strategy execution, come on [Translating Strategy into Action](#), or take a look at one of the following:

- Stephen's best-selling book describing this approach is [The Art of Action](#)
- For a short summary try <https://www.criticaleye.com/inspiring/insights-servfile.cfm?id=2752>
- A key methodology is explained in the HBR article: <https://hbr.org/2011/01/how-to-make-the-most-of-your-companys-strategy>