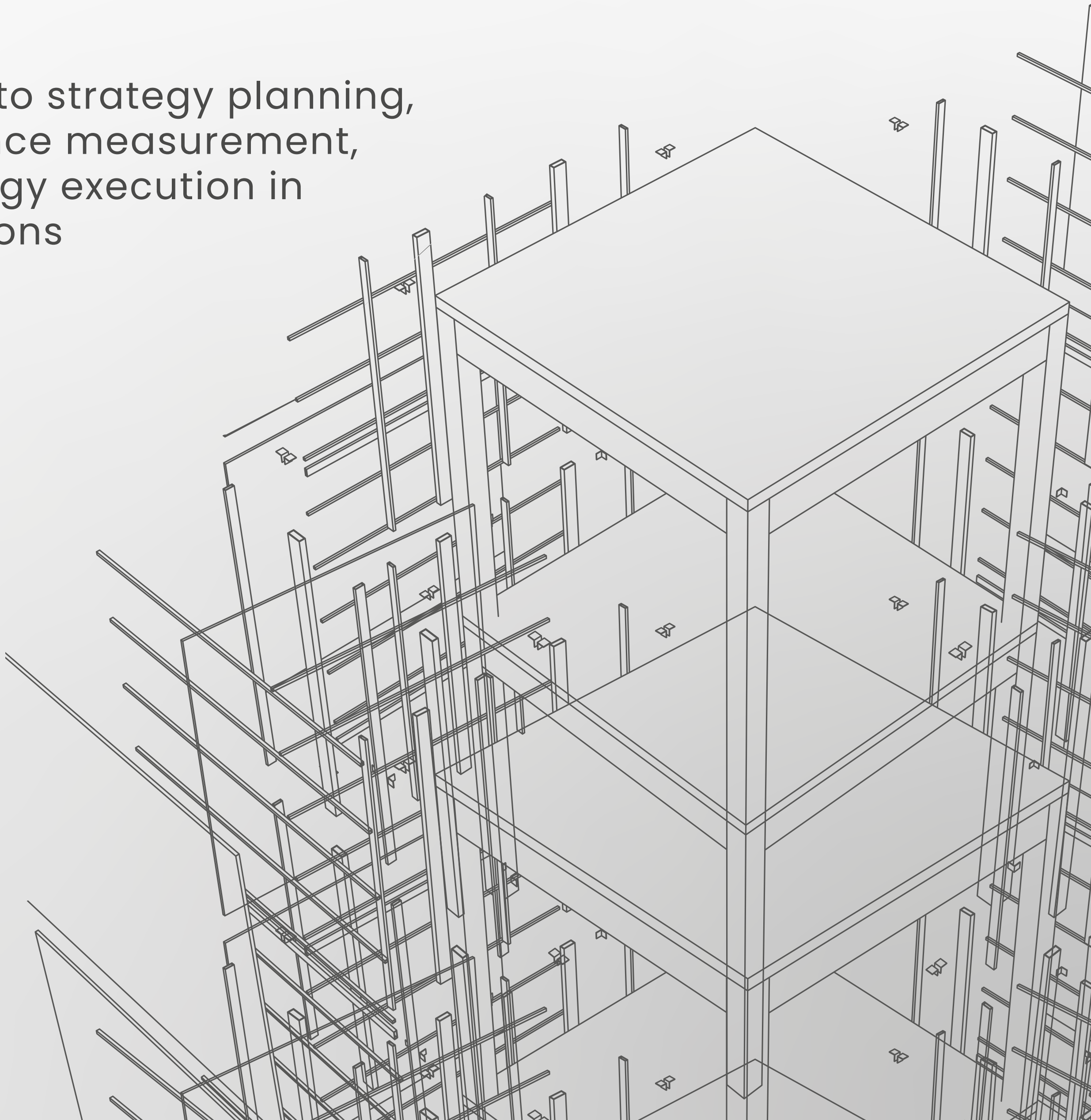
THE KPI INSTITUTE

STATE OF STRATEGY MANAGEMENT PRACTICE
GLOBAL REPORT - 2023

Unveiling strategy in action:

Insights into strategy planning, performance measurement, and strategy execution in organizations



State of Strategy Management Practice - 2023 is an international research study conducted by The KPI Institute from April to June 2023. As a research-focused institution specializing in business performance, our main objective was to uncover strategic management practices, challenges, and performance outcomes in today's organizations. This overarching goal draws on the study's focus on strategy-related aspects, such as planning, measurement, and execution, along with the examination of demographic factors. Another aim is to contribute to the body of knowledge in strategic management and provide practical recommendations for organizations to improve their strategic practices and outcomes.

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About The KPI Institute

The KPI Institute is a leading global research institute specializing in business performance. It operates research programs in practice domains revolving around strategy and performance management in various contexts such as organizational, governmental, global or at personal level.

Insights are disseminated through a variety of publications and subscriptions services as well as a knowledge platform available to registered members. The KPI Institute generates genuine, forward-thinking ideas to address modern business challenges while promoting best practices and structural and strategic approaches.

Vision

Empower the world to achieve performance excellence

Mission

Provide integrated performance solutions through rigorous research, educational programs and advisory services

Added-value

Offering more through innovation and value for money

Best know-how

Through the integration of multidisciplinary global expertise

Common sense

Fairness, modesty and friendship

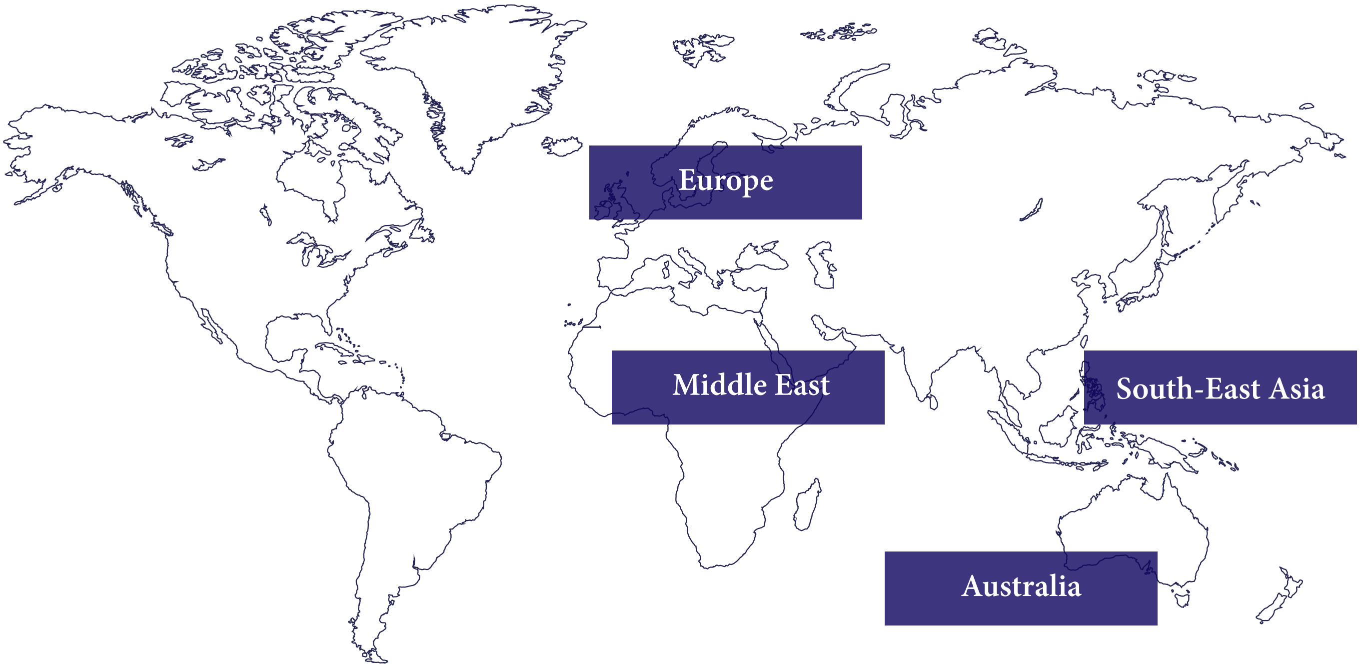
Data and facts

Expertise and opinions based on specific data

Efficiency

Key principle for prioritization and getting things done

19+ years spent on researching best practices



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14,255+
Participants trained

253
Research reports published to date

85+
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21,312+
KPI examples published on smartkpis.com

Authorship and acknowledgements

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Chapter 01

Introduction

Cristina Mihăiloaie
Business Unit Manager
Research Division

In today's ever-changing and fiercely competitive business landscape, organizations face numerous challenges that threaten their survival and growth. Thus, it has become crucial for organizations of all sizes and industries to employ strategic planning and the effective use of key performance indicators (KPIs) to navigate uncertainty and build resilient and future-thinking businesses.

Now more than ever, it is important to acknowledge that strategy management systems must adapt to organizational needs and the external environment in which they operate. It is fascinating to look back and observe how practices continually evolved alongside technological progress, reshaping the landscape of strategic planning. The aftermath of World War II saw the rise of systematic resource allocation and Peter Drucker's Management by Objectives, shifting focus from operational performance to strategic perspectives. As global competition surged in the 1980s, strategic planning embraced environmental analysis and scenario planning. In the 1990s, the introduction of the Balanced Scorecard addressed gaps in corporate strategy and provided structure to link strategic objectives to KPIs and initiatives in key areas of the business. Strategies became more dynamic during the 2000s' digital revolution, while the rise of data analytics in the 2010s turbocharged decision-making with predictive tools like AI and big data.

Today, traditional top-down approaches give way to more collaborative, decentralized methods. Companies prioritize sustainability, social responsibility, and ethics in their strategic planning efforts. The business landscape is marked by an even greater emphasis on agility and innovation. More recently, strategic foresight has become one of the key capabilities of successful organizations and governments.

Understanding what connects the past, present, and future fosters a holistic and in-depth understanding of strategy management as a discipline, which can be truly revealing for identifying unique ways to approach current issues.

Our latest report, "The State of Strategy Management Practice 2023", explores the maturity of management practices to support organizations in their efforts to continuously improve. Readers will find recent trends and developments in strategic planning methodologies, KPI selection and performance management framework adoption, challenges in strategy execution, and our advice on best practices for practitioners.

As we make sense of the times, we hope this research serves as an integral part of your next step toward achieving success.

Chapter 02

Methodology

The State of Strategy Management Practice survey was conducted for the second consecutive year and is focused on several key research questions that enable us to observe the evolution of the topics they cover over time. The data was collected using a questionnaire, allowing for the gathering of information from a diverse sample of respondents.

Questionnaire design

The questionnaire consists of 38 items, which are a mix of closed-ended and open-ended questions, enabling both quantitative and qualitative analysis. The majority of questions are the same as in the previous report edition, with small adjustments and rephrasing to address the respondents' feedback from the 2022 edition.

Questionnaire pilot testing

Prior to the main survey, a pilot study was conducted to evaluate intelligibility, answer options, and flow. Ambiguous questions were revised based on the pilot study feedback to enhance survey validity. To ensure data quality, validation measures were implemented, including mandatory fields for complete responses, checks for missing or implausible figures, and range checks for outliers or data points beyond the intended range.

Sample selection

The sample for this survey was selected using a combination of random sampling and convenience sampling techniques, ensuring representation across various demographics and characteristics. Special consideration was given to include a large number of respondents who had participated in the previous year's survey. This approach facilitated longitudinal analysis and allowed for the comparison of responses between the two years, providing valuable insights into trends and changes over time.

Data collection

Data collection was conducted online, utilizing the same platform and distribution channels as the previous year's study. The survey was distributed to the esteemed community of members and partner networks of The KPI Institute via email invitations as well as on various social media platforms. The data collection period spanned seven weeks, during which periodic reminders were sent to maximize response rates and ensure a representative sample.

Response rate

A total of 346 completed responses were received. These participants represent diverse sectors, industries, and businesses of varying sizes across multiple continents. Further details regarding participant demographics can be found on the dedicated Respondent profile page.

Data analysis

After undergoing rigorous quality reviews, the data was subjected to conventional statistical methods for analysis. These methods involved comparing the findings to the 2022 results, presenting the outcomes through an examination of demographic breakdowns, and focusing on attributes that exhibited statistical significance. The margin of error between 5-6% indicates the range within which the true value of a measurement or estimate is likely to fall.

Findings extrapolation

As with any research, readers should exercise caution when generalizing results and take individual circumstances and experiences into consideration when making decisions based on these findings. While The KPI Institute is confident in its research, it is prudent to understand that the results presented in this survey report are only truly representative of the sample of 346 professionals who responded to the survey.

Conducted online during the initial half of 2023, this second edition of The State of Strategy Management Practice survey garnered valuable insights from professionals across the globe.

Our esteemed respondents are comprised of executives, managers, team leaders, project managers, and strategy management specialists, each of whom is actively involved in the intricate processes that comprise strategy and performance management. Their unique perspectives contribute significantly to the comprehensive analysis of the survey's findings.

If you wish to become part of our research panel or if you seek further information regarding the survey, kindly reach out to us via office@kpiinstitute.org

Chapter 03

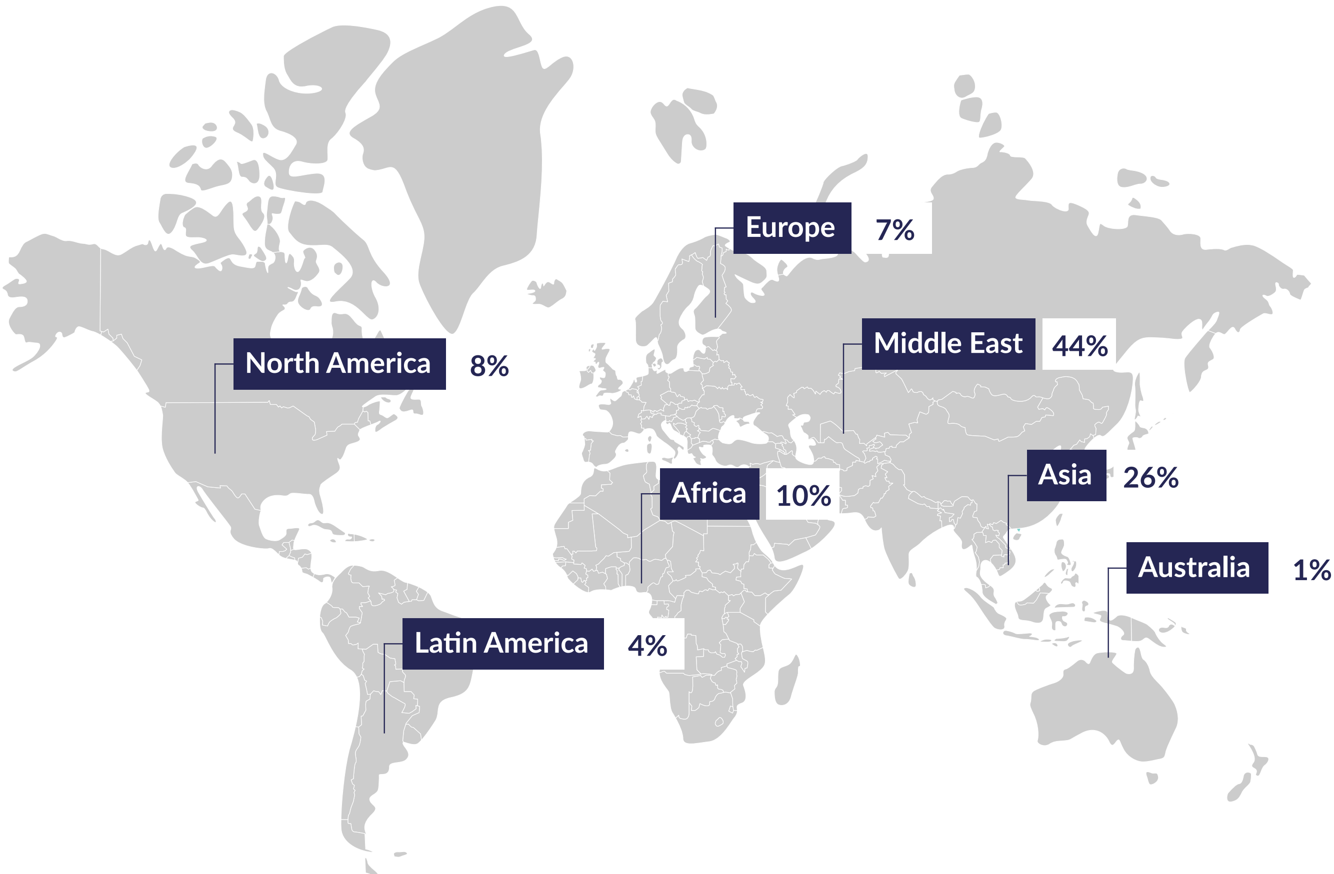
Respondent profile

The report presents a comprehensive analysis of the survey conducted to examine various aspects of strategic planning, performance measurement, and strategy execution approaches employed by a diverse set of companies. To ensure a broad range of insights and perspectives, the survey engaged a total of 346 respondents representing 69 countries.

The respondent pool consisted of individuals from different sectors, including 238 from private companies, 85 from the public sector, and 23 from non-profit organizations. To capture a comprehensive view of the business landscape, respondents were selected from companies of varying sizes as well. This includes 176 respondents from companies with fewer than 500 employees, 112 respondents from companies with between 500 and 5000 employees, and 58 respondents from companies with more than 5000 employees.

By incorporating the perspectives of such a diverse group of respondents, the survey aimed to provide an inclusive and well-rounded analysis of strategic planning practices across different industries and geographies. The findings of this research report aim to offer valuable insights to support organizations in their long-term planning and decision-making processes.

Geographical distribution



With 44% of respondents coming from this region, the Middle East stands out prominently in the survey. This substantial representation underscores the keen interest of professionals from Middle Eastern countries, with Saudi Arabia being the largest contributor from this region.

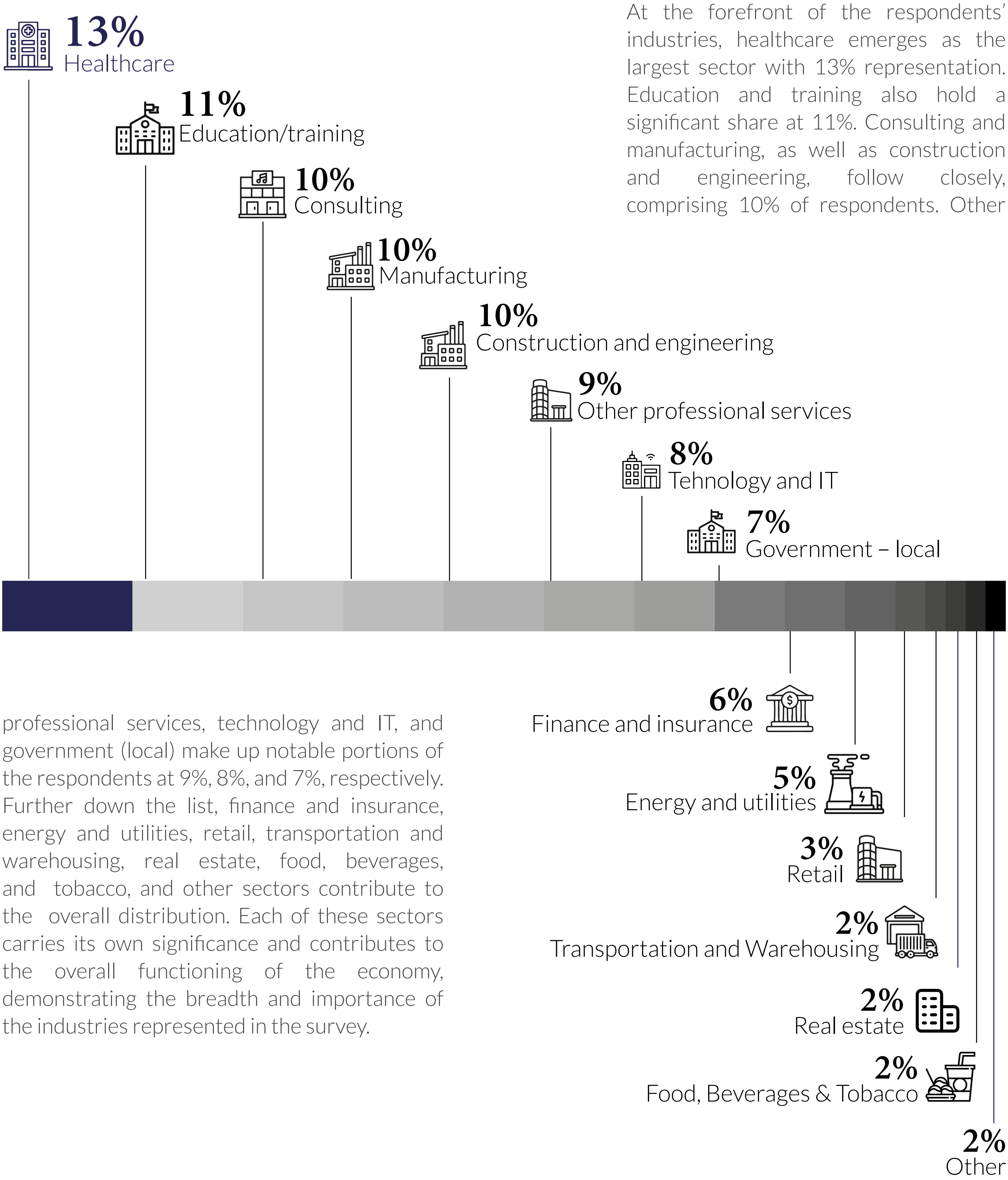
Asia, on the other hand, accounts for 26% of the respondent pool, indicating a sizeable and diverse participation. The leading contributor is Mongolia, followed closely by India and Malaysia.

The survey is marked by a 10% contribution from Africa, with noteworthy emphasis on Nigeria as the foremost contributor from the continent.

North America and Europe maintain a respectable presence in the survey, with 8% and 7%, respectively. Latin America and Australia account for 5% of respondents collectively.

Industry distribution

At the forefront of the respondents' industries, healthcare emerges as the largest sector with 13% representation. Education and training also hold a significant share at 11%. Consulting and manufacturing, as well as construction and engineering, follow closely, comprising 10% of respondents. Other professional services, technology and IT, and government (local) make up notable portions of the respondents at 9%, 8%, and 7%, respectively. Further down the list, finance and insurance, energy and utilities, retail, transportation and warehousing, real estate, food, beverages, and tobacco, and other sectors contribute to the overall distribution. Each of these sectors carries its own significance and contributes to the overall functioning of the economy, demonstrating the breadth and importance of the industries represented in the survey.



Organizational sector

Private companies make up the majority of respondents, accounting for 69%. This indicates a significant representation from the private sector, showcasing a strong interest and engagement in the survey from organizations operating in private industries. The public sector represents 24%, highlighting the involvement of government organizations and public institutions in the survey. Non-governmental organizations (NGOs) comprise 7%.

69%
Private sector

24%
Public sector

7%
NGOs

Organization size

Large companies, defined as those with 501 or more employees, account for the largest proportion, comprising 49% of respondents. This suggests a significant focus on strategic management practices within larger organizations, which often have more complex structures and greater resources. The insights gathered from these companies can shed light on strategic decision-making, execution approaches, and long-term planning in the context of larger enterprises. Small companies, ranging from 1 to 100 employees, represent 28% of respondents. This highlights the inclusion of insights from smaller organizations, which often operate in dynamic and agile environments. Medium-sized companies, defined as those with 101 to 500 employees, account for 23% of the participants.

49%
Large companies
501+ employees

28%
Small companies
1-100 employees

23%
Medium companies
101-500 employees

Functional areas

Core business functions constitute the majority, with 56% of respondents falling under this category. This highlights the fundamental operational areas that drive the primary activities and revenue generation of organizations. Within these core business functions, the highest representation is in the Strategy/Performance Management Office at 22%. Other notable core business functions include Operations at 14%, and Project/ Program Management Office (PMO) at 7%. These functions play crucial roles in managing talent, ensuring efficient operations, and overseeing project execution, respectively.

Support functions make up 40% of respondents, emphasizing the importance of specialized support services to enable the smooth functioning of organizations. Notably, Human Resources (HR) appears at the top of support functions, indicating its role in driving organizational support functions for the overall workforce. Other significant support functions include Finance at 4%, Risk Management at 4%, and Health, Safety, Security, and Environment (HSSE) at 3%. These functions contribute to financial management, risk mitigation, and workplace safety and compliance.

Corporate functions have a smaller representation, at 4% of respondents. These functions typically provide overarching governance, policy, and administrative support to the entire organization. Notable corporate functions identified in the survey include Other office administration and support at 4%, Corporate Social Responsibility (CSR) at 1%, and Legal Department at 1%. These functions highlight the importance placed on administrative support, ethical practices, and legal compliance within organizations.

56%
Core business function

40%
Support function

4%
Corporate function

Job title

Managers constitute the largest proportion of respondents, comprising 37%. This indicates a significant focus on strategic management practices among individuals in managerial roles. Insights from managers can provide valuable guidance on strategic decision-making, leadership approaches, and the implementation of organizational objectives. Executives represent 24% of respondents, highlighting the involvement of high-level decision-makers in the survey. This signifies a focus on strategic management practices at the executive level, where the overarching strategic direction and organizational vision are set.

Team leaders and project managers account for 21% of respondents, showcasing the significance of their roles in strategy execution and project management. Insights from these positions can shed light on coordinating cross-functional efforts, managing project timelines, and ensuring strategic goals are achieved within specific teams or projects. Non-managerial positions make up 18%. These include a diverse range of roles within organizations that may not hold formal managerial authority but still contribute to strategic management and implementation.

37%
Manager

24%
Executive

21%
Team leader/ project manager

18%
Non-managerial positions

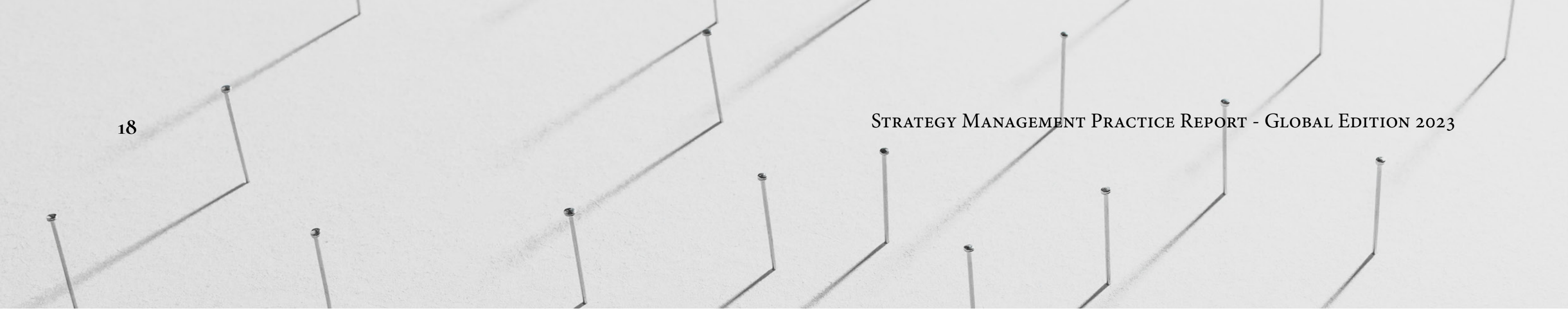
Chapter 04

Executive summary

The State of Strategy Management Practice 2023 is a comprehensive report covering essential topics in strategy and performance management. It is divided into three sections:

Planning | Measurement | Execution

Strategy planning	Drives into key aspects of business planning practices, the challenges and success drivers in this process, and strategy communication aspects.
Strategy measurement	Provides insights into the usage of KPIs, performance management frameworks adopted by organizations, target setting, and automation.
Strategy execution	Investigates project management practices and organizational agility, providing valuable insights for professionals seeking to enhance their organization's strategic capabilities and adaptability in today's dynamic business landscape.



Strategy planning

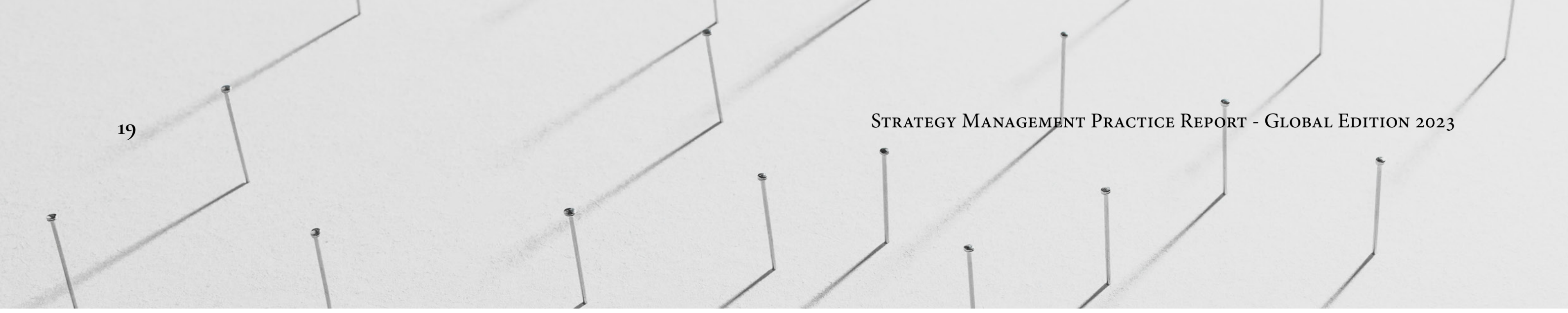
Overall, effective strategy planning relies on striking a balance between formal and informal approaches, aligning with business needs, utilizing enablers such as data-driven insights, addressing challenges, and adopting suitable strategy management tools. Transparent communication and awareness at all levels are essential for successful strategy execution and organizational success.

General practices

Formal methodologies are most common among professionals (78%), especially within the public sector (49%). Larger corporations tend to favor formality, while smaller companies embrace flexibility.

Approximately half of professionals (44%) agree that their organization's strategy aligns well with **business needs**, with **data-driven approaches** playing a pivotal role in achieving this alignment, particularly in larger companies. **Challenges** include establishing a regular, formal planning process and selecting appropriate key performance indicators (KPIs) on top. The strategy plan (63%) and corporate scorecard (50%) are widely **utilized tools for managing strategy.**

Most professionals agree that their organizations' strategic pillars incorporate key areas for the business. However, there is variation in agreement concerning the clarity of objectives, how their achievement is measured, and the level of interconnection between said objectives. **Risk management** (69%) and **sustainability** (68%) are moderately integrated into corporate strategy, with companies under 500 employees showing higher instances of inclusion compared to larger companies (500+ employees).



Strategic review

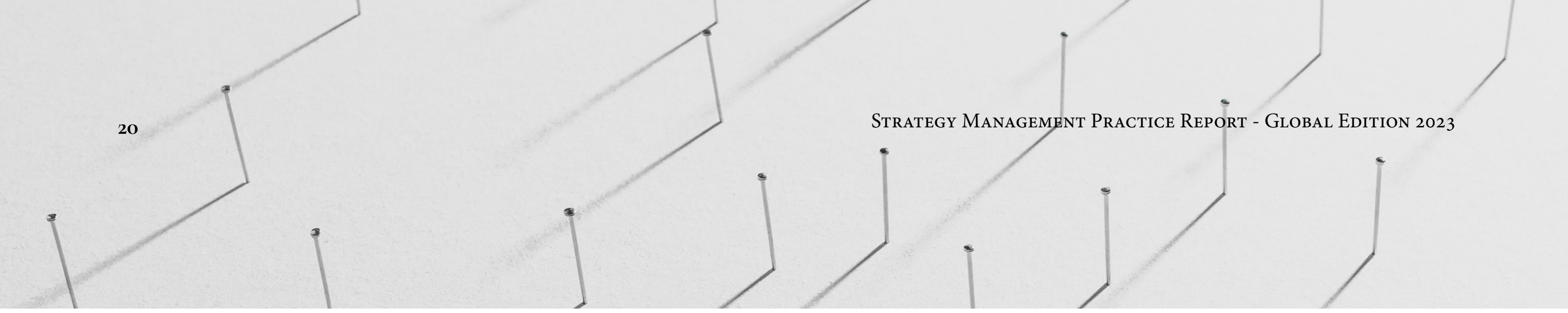
Economic factors (86%) are seen as the primary catalysts that prompt companies to adjust their strategies outside of the usual process. The pursuit of new market opportunities and meeting client expectations are other important **drivers for ad-hoc strategy reviews.**

A notable trend emerged: larger organizations (+10,000 employees) exhibited a heightened **sensitivity to global economic conditions**, which prompted them to reassess and adapt their strategies accordingly. In contrast, smaller companies seemed to experience a comparatively lower impact from these factors. Regarding regular **strategy reviews,** nearly half of the professionals (42%) indicated an annual review frequency, while a quarter of them (25%) mentioned adopting a quarterly review approach, allowing for agile and regular updates.

Strategic transparency

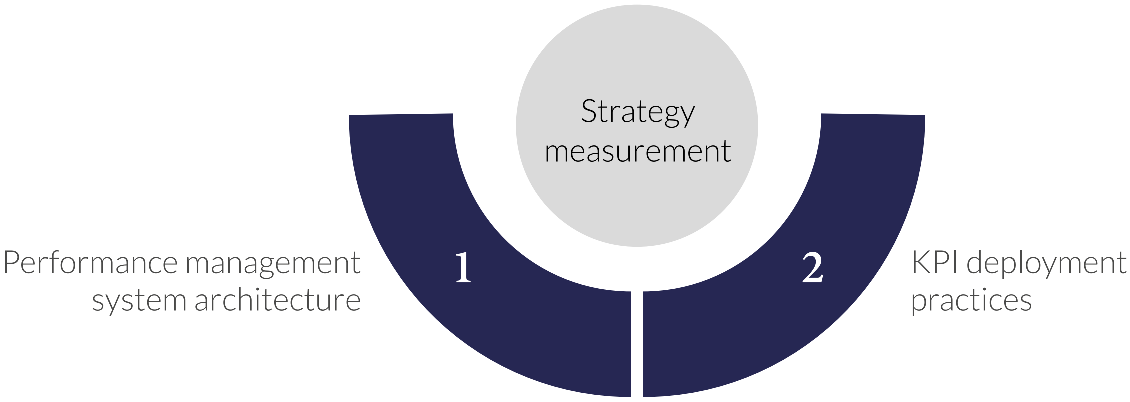
More than half of the professionals (51%) indicated **regular communication** throughout the year to reinforce organizational priorities and share progress. **Face-to-face or virtual meetings** with business leaders emerged as common channels used for strategy communication (34%). A significant portion of organizations (31%) aim to **communicate the strategy to all layers.** However, a smaller percentage (28%) perceive strategy communication as primarily targeting decision-makers only.

Executives demonstrate the highest level of strategy awareness (40%), followed by middle management (16%), and then lower management and employees (7% each). There is a clear need for improved communication and engagement strategies to bridge the gap in strategic awareness between hierarchical levels.



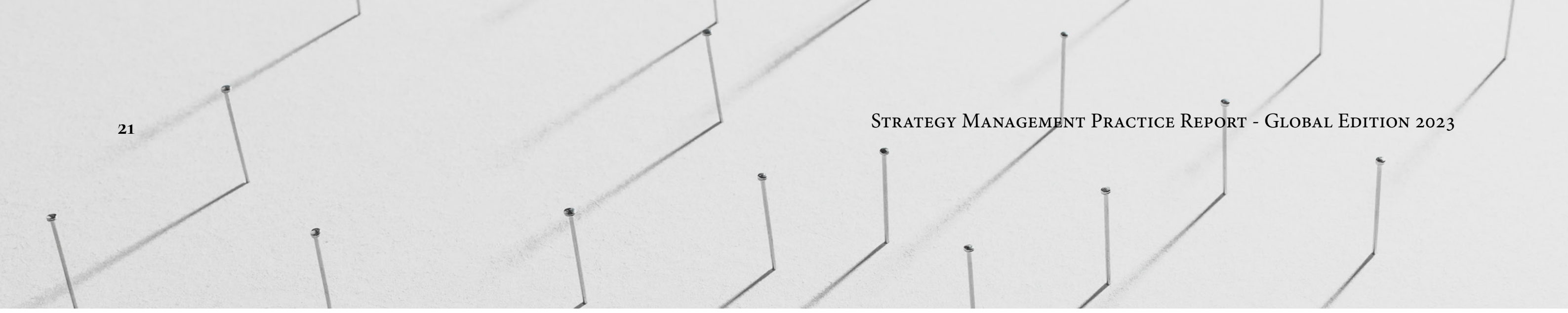
Strategy measurement

Organizations use performance management systems (PMS) and KPIs to align strategy with operations and measure results. Three PMS approaches were examined and the prevalence of standardized frameworks was emphasized. When selecting a PMS methodology, organizations consider factors such as resources needed for implementation, cultural fit, and framework adaptability. The process of working with KPIs and setting targets is influenced by a variety of challenges, including the alignment of KPIs and targets across the organization. To overcome these challenges, it is crucial for organizations to invest in developing internal performance measurement capabilities. Moreover, the survey highlighted that utilizing software solutions is a potential way to enhance performance monitoring and data analysis.



Performance management system architecture

Three distinct approaches for **PMS frameworks** were outlined: standardized, customized, or the absence of a formal system. Among companies implementing a standardized approach, the **Balanced Scorecard (BSC)** is the most widely used framework (32%). Approximately one-third of the professionals (26%) represent organizations that do not have any formal PMS in place.



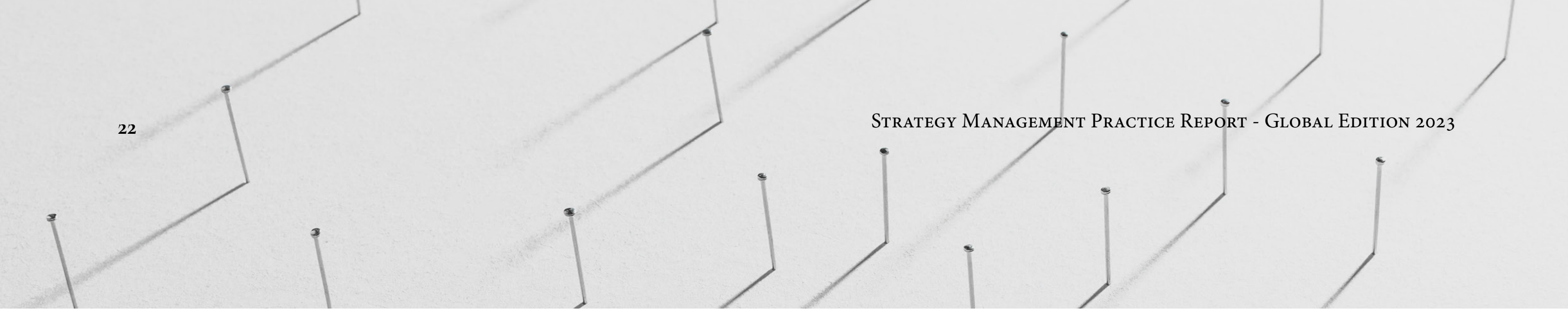
Company size appears to influence the chosen approach, with organizations with up to 100 employees being more likely to operate without a formal system, while larger corporations (10,000+ employees) tend to adopt the Objectives and Key Results (OKRs) framework.

When selecting a PMS framework, organizations must consider various factors tailored to their specific needs and objectives. The primary consideration is the availability of **implementation resources** (52%). The **agility** of the chosen framework—another essential factor to consider—is vital to facilitate adaptation to the organizational context and accommodate changes (45%). The **popularity of the framework** itself is of the least importance in the selection process (9%). Companies with up to 100 employees prioritize implementation resources due to their limited capacity, while larger organizations (10,000+ employees) emphasize cultural adaptability for seamless integration.

KPI deployment practices

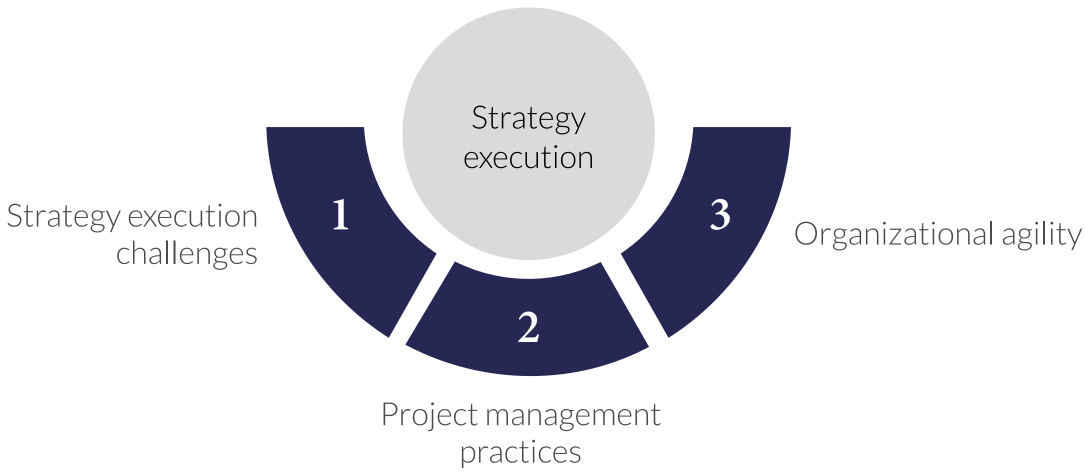
KPIs are extensively employed in two main areas: **employee performance evaluations and corporate performance assessments**. Utilizing KPIs in employee evaluations helps set clear expectations, monitor progress, and provide feedback. On the other hand, KPIs used for corporate performance assessment enable the tracking of progress toward strategic goals. Additionally, KPIs play a crucial role in operational and process monitoring (58%). Larger organizations (10,000+ employees) exhibit higher utilization of KPIs in areas such as quality management, customer management, supplier management, and sustainability. Professionals have varying perceptions regarding the relevance of current **KPIs for accurately tracking organizational strategy**. Organizations employing the BSC methodology generally view their KPIs as highly relevant, while those without a structured PMS find their KPIs to have lower relevance.

Several **challenges are faced by organizations** in effectively working with KPIs. The most significant challenge lies in aligning KPIs and targets across the organization (25%). Selecting KPIs is another major challenge faced by some organizations (24%). Setting targets presents three main challenges. The first challenge relates to data, involving difficulties in **collecting and analyzing data to establish targets accurately** (42%). The second challenge is engaging internal stakeholders to propose and commit to ambitious targets (15%). The third challenge involves aligning targets across different functional areas and achieving top-down or bottom-up alignment (13%). Overall, professionals have a positive perception of their organizations' capabilities in setting ambitious targets and aligning them with KPIs. The survey also highlights that implementing performance management software solutions tends to improve data-related capabilities and presents opportunities for organizations to enhance their **KPI monitoring processes.**



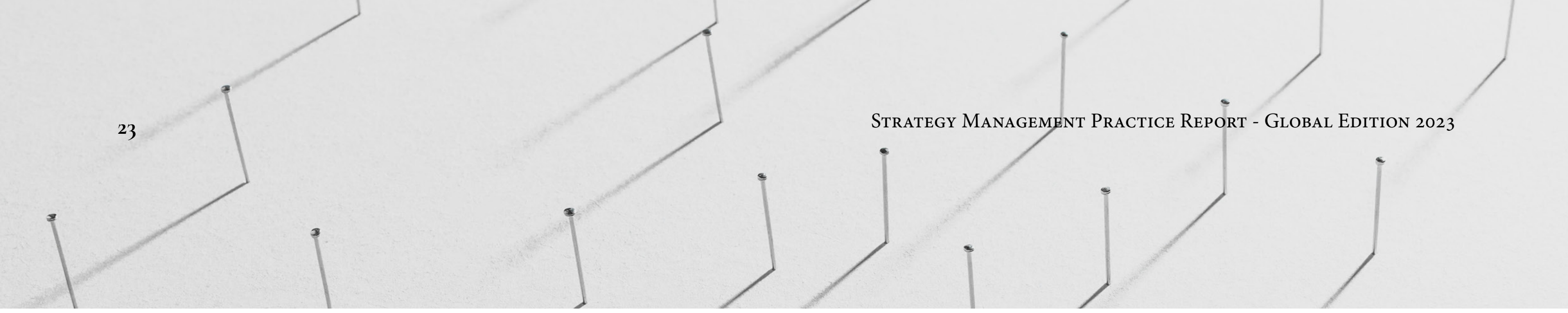
Strategy execution

Executing a strategy has evolved into a complex challenge that necessitates quick decision-making. Organizations must overcome a wide range of challenges, from bringing disparate teams together and integrating new technology to adapting to fast-changing market conditions. Making sure that a strategy's intent is seamlessly translated into concrete results has become increasingly difficult as globalization and digital transformation continue to disrupt industries. A shared perspective is conveyed regarding project management practices, including the prioritization of initiatives, the frequency of project progress reporting cycles, and the utilization of project management tools. Finally, the concept of organizational agility is examined, and professionals' perceptions of their organization's agility vary across different industries and company sizes.



Strategy execution challenges

With more than half of professionals being aware of failure cases in their organization's strategy execution (63%), the primary **cause of strategy implementation failure** is the absence of leadership support (44%), followed by insufficient resources (40%) and slow decision-making (40%).



Project management practices

Most professionals (46%) prefer a balanced approach to **initiative prioritization,** combining executives' assumptions and business instincts with data and facts. A smaller percentage of organizations rely solely on data and facts for prioritization (21%). Not-for-profit organizations tend to rely more on executives' assumptions, while public and private sector organizations lean towards the combined approach. When assessing the quality of initiatives based on their alignment with company strategy, a positive perception exists but there is room for improvement.

Regular and consistent **reporting on the progress of strategic projects** is essential to keep stakeholders well-informed, aligned, and engaged. Effective reporting facilitates decision-making and ensures the successful implementation of the strategy. The most preferred progress reporting frequencies for strategic projects are quarterly (32%) and monthly (32%). Companies up to 100 employees are in favor of monthly reporting for quicker decision-making, while larger companies (10,000+ employees) opt for quarterly reporting for a broader overview of project direction and performance.

The project plan stands out as the **most used tool for project management** (29%), while the benefits realization register appears to be the least popular tool (6%). Organizations employing up to 100 staff members prioritize the project plan, while larger organizations (10,000+ employees) favor the project dashboard. Assessing project management capabilities reveals that nearly half of professionals (45%) trust their organization's ability to manage projects effectively, but a quarter of them suggest otherwise (25%).

Organizational agility

The preferred frequency for **discussing performance data** is monthly (32%), while weekly (12%) and daily discussions (3%) are less common among professionals. The private sector shows a stronger inclination towards more frequent reviews. Across most analyzed industries, there is a preference for monthly or more frequent performance reviews.

Most professionals (41%) view their organization as **commendably agile**. The energy sector stands out with the highest perceived level of agility, while the food, beverages, and tobacco industry has the lowest level. Companies maintaining a headcount of 1 to 10 employees perceive themselves to possess higher agility compared to larger organizations (10,000+ employees).

Research insights 05

5.1 Strategy planning

Highlights

78%
of respondents describe the process of strategic planning as **formal and regular.**

63%
of organizations are using **a strategy plan.**

50%
of organizations employ **a corporate scorecard** as a component of their strategy management toolkit.

73%
of respondents state that the **strategy pillars cover key areas** for the business.

42%
of professionals admit that **strategy reviews take place only once per year.**

86%
of respondents identify **economic factors as the primary catalyst** for organizational strategy reviews outside the usual process.

5.1.1 General practices

Process maturity

Strategic planning is an essential activity that enables organizations to define their long-term goals, align their resources, and chart a course of action to achieve success. Formal strategic planning involves a systematic approach to analyzing the organization's current position, identifying opportunities and challenges in the external environment, formulating strategies, and implementing them effectively.

Figure 1. *Strategic planning process*

In both reports, the current and the 2022 edition, a striking 78% of respondents characterize the strategic planning process within their organizations as formal. Notably, within this group, half of them revealed that their organizations do not adhere to any specific methodology during the planning phase. Meanwhile, 22% of the respondents described their organization planning process as informal. These findings shed light on the diverse landscape of strategic planning approaches across different sectors and organizational levels.

Within the public sector, insights from respondents at the state level indicate a perception of a formal process, marked by the conscientious use of methodological techniques (49%). Conversely, at the local level, there is a discernible inclination towards formality, although without strict adherence to specific methodologies (38%).

In the private sector, the manufacturing industry leans towards a formal approach, while maintaining flexibility in terms of adhering to a rigid methodology (41%). In contrast, within the domain of consulting, the strategy planning process upholds a formal nature, irrespective of the specific methodology employed (39%). These findings highlight the intricacies and dynamics at play within the strategic planning landscape.

It is crucial to approach these observations with caution and additional scrutiny. While an informal approach may seem favorable due to its flexibility, it is important to acknowledge the potential disadvantages and challenges associated with a strategy lacking a strict framework. Moreover, company size plays a significant role in selecting the approach of a strategy.

Organizations with a workforce size of fewer than 500 employees exhibit a notable inclination towards embracing an informal process (avg. 38%), while the larger corporations with over 5000 employees favors formal and clear methodology techniques (avg. 47%). The results provide valuable insights into the practice of smaller companies, where agility and flexibility take precedence.

These nimble organizations recognize the value of adopting a more adaptable and fluid approach to strategizing. This allows them to swiftly adjust to market changes and seize emerging opportunities with finesse. In the ever-evolving world of strategic planning, the size of an organization truly matters, as it influences the balance between formality and flexibility.

Strategy alignment with business needs

Professionals were asked to assess, utilizing a scale of 1 to 5, the extent to which these practices fully serve their organizational requirements to gain further insights into the effectiveness of strategic planning. The results of this assessment offer a valuable glimpse into the level of alignment between strategic planning efforts and the expectations and needs of the business.

Figure 2. *Strategy planning serving business needs*

Most respondents (44%, marking a 9% decrease from last year) express a remarkable level of agreement, rating these practices and tools as highly effective in meeting their business needs (rated as 5 or 4).

However, within this tapestry of assessments, a noteworthy segment (18%) voiced a lower level of agreement, rating the extent to which the practices and tools serve the business needs as 2 or 1 on the scale. This result highlights the areas where improvements and refinements may be necessary, which will be further explored in detail under the Challenges in strategy planning section.

Within the vast landscape of data, an even more remarkable observation emerges—a striking correlation between organization size and the perception of strategy alignment with the needs of business. Notably, respondents employed in organizations boasting 10,000 or more employees exhibit a significantly stronger inclination to agree (57%) that formulating the strategy effectively provides the information and tools top management teams require to lead the business. This finding suggests that many enterprises manage to keep a relevant planning process despite the more recent uncertainty and volatility characterizing the global business landscape.

Enablers for strategy planning

The participants were instructed to rank different facets that mirror their organization's dedication to strategic planning on a scale of 1 to 8, where 8 signifies the highest rank and 1 signifies the lowest. This ranking highlights the essential practices, resources, and investments that underline their commitment to this crucial initiative. The outcome sheds light on the importance given by organizations during the strategic planning process.

Figure 3. *Aspects considered by the organization during strategy planning*

When it comes to the strategic planning process within organizations, different elements receive varying levels of importance. One standout element that emerged with the highest-rated score of 6.22 is the collection of feedback on value drivers for clients, same first place as last year. This remarkable rating underscores how respondents perceive the impact of understanding and meeting client needs on driving successful strategies and highlights the importance of customer centricity.

Furthermore, organizations demonstrate their keen awareness of the significance of other external stakeholders by assigning a score of 5.87 to collecting feedback on value drivers for these stakeholders, which went up to second place from last year's third.

These stakeholders include shareholders, regulators, and the community. Gathering insights about the external environment emerges in third place with a notable score of 5.38. This finding underscores the significance of understanding market dynamics, industry trends, and competitive forces in shaping effective strategies.

Moreover, involving employees in the planning process receives a favorable score of 5.28. By actively involving employees in the planning process, organizations can tap into their expertise, foster a sense of ownership, and drive employee engagement, leading to more effective implementation and alignment with organizational goals.

In terms of organizational resources, collecting insights about the internal capabilities garnered a score of 4.54. This finding emphasizes the importance of self-assessment and understanding the organization's strengths, weaknesses, resources, and competencies.

Scenario planning, on the other hand, receives a score of 3.18, suggesting a lower level of importance placed on this element in the strategic planning process. However, scenario planning remains a valuable tool for anticipating and preparing for future uncertainties and potential disruptions.

In contrast, bringing in an external consultant during the strategic planning process received a lower score of 2.71. Such a practice suggests that organizations may rely less on external expertise and instead prefer to utilize internal resources or explore alternative approaches. Maintaining control over the strategic planning process may stem from a desire to leverage existing knowledge and capabilities within the organization while potentially mitigating costs associated with external consultations.

Similarly, the score of 2.81 for training the executive team in strategy planning implies that organizations may not prioritize dedicated training for their executives in this area.

Overall, data-driven aspects hold paramount importance in the strategic planning process. This finding aligns with the prevailing global trend of leveraging data collection and big data analytics to enhance strategic decision-making. By harnessing the power of data, organizations can unlock valuable insights, identify patterns, and uncover opportunities.

Challenges in strategy planning

As organizations embark on the journey of strategic planning, they encounter myriad complexities and obstacles that demand careful consideration and effective solutions. By analyzing the survey results, one can gain a deeper understanding of the obstacles that hinder strategic planning processes and the realization of organizational goals.

Figure 4. *Strategy planning challenges*

One prominent challenge identified by 26% of respondents is the establishment of a regular, formal, and methodical strategic planning process. This highlights the difficulty organizations face in creating a structured and consistent approach to strategic planning. The absence of such a process may hinder the effectiveness and continuity of strategies.

Another significant challenge, as indicated by 12% of respondents, is choosing the right key performance indicators (KPIs). This finding underscores the complexity of identifying relevant metrics that accurately measure progress toward strategic objectives.

Notably, 9% of respondents identified "getting buy-in from the executives" and "conducting market research/external environment analysis" as significant challenges. The first challenge centers around securing executive buy-in, highlighting the crucial role played by organizational leadership in driving strategic initiatives. The second challenge pertains to gaining a deeper understanding of the market and external factors to enable more informed strategic decisions.

The professionals who discussed other answers emphasized management changes and the balance between planning and potential opportunities. This contrasts with 2022 when they pointed out a lack of awareness, limited middle management engagement, and implementation capacity.

Interestingly, compared to the previous year, the leading challenge remains the same—creating a regular, formal, and methodical strategic planning process. However, choosing the right KPIs has surpassed getting buy-in from the executive team, elevating its position to the second most prominent challenge. This shift highlights the growing recognition of the complexities and nuances involved in identifying and utilizing appropriate KPIs to drive strategic success.

By addressing these challenges head-on, organizations can enhance their strategic planning processes, improve decision-making, and align their actions with long-term objectives. It is vital for organizations to invest in establishing a structured planning process while also focusing on the careful selection and application of KPIs that accurately capture progress and performance.

Strategy management tools

The strategy management toolkit contains a variety of instruments used by organizations to articulate and communicate strategy and measure and monitor performance while supporting strategy execution.

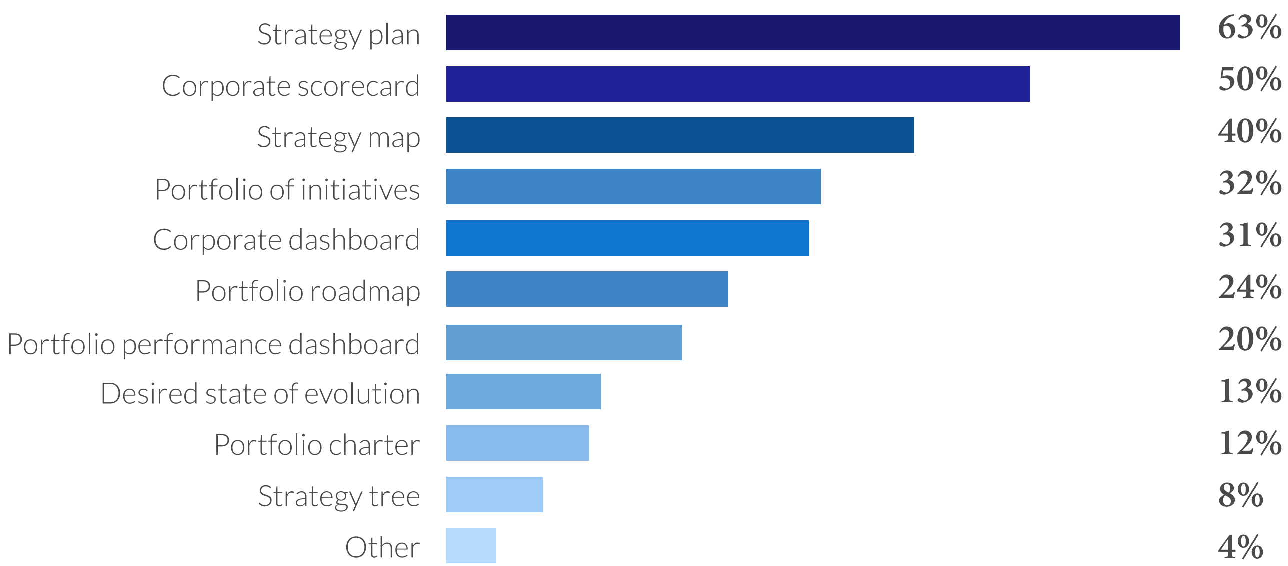


Figure 5. *Strategy planning tools*

Note. Participants were allowed to choose more than one answer, and the percentages indicate the share in which each response was cited.

In the 2023 survey, the strategy plan emerged as the most widely adopted tool, with a utilization rate of 63%. This indicates an increase from the previous year's survey, where the strategy plan was reported to have been adopted by 58% of participants.

With a deeper look into the data, it is noticeable that among smaller companies (500 employees or less) the average choice of the strategy plan as a tool increased from 59% to 64%.

This upward trend suggests that organizations are increasingly recognizing the importance of formalized and documented strategy plans as guiding tools for decision-making and resource allocation processes.

Similarly, the corporate scorecard exhibited a rise in utilization from 45% in the 2022 survey to 50% in the 2023 survey. This increase suggests a growing emphasis on the diligent monitoring and measurement of KPIs aligned with strategic objectives. Organizations are increasingly recognizing the value of a comprehensive tracking approach to gain a clearer understanding of their progress towards strategic goals, enabling informed decision-making and timely adjustments. Same as the strategy plan, smaller companies witnessed an increase in corporate scorecard utilization from 36% in the 2022 survey to 46% in the 2023 survey.

The utilization of the strategy map also experienced a slight increase from 38% in the 2022 survey to 40% in the 2023 survey. This indicates a continued recognition among organizations of the value of visualization tools that facilitate shared understanding and communication of the interconnections between strategic objectives. The strategy map serves as a complementary tool to the strategy plan, enabling collaborative efforts towards achieving organizational goals. Unlike the first two tools, the strategy map witnessed only a slight increase (+3%) when it comes to the choice of smaller companies.

In terms of the portfolio of initiatives, the utilization rate remained stable, with 32% of respondents indicating its adoption in 2023 compared to 30% in 2022. This suggests that organizations have maintained their recognition of the inherent value of managing a diverse set of initiatives to achieve strategic objectives. The portfolio approach allows for optimal resource allocation, risk mitigation, and strategic investments aligned with overarching goals. For smaller companies, an incremental increase (5%) was reported in 2023 compared to 2022.

The corporate dashboard, on the other hand, witnessed a slight decrease in utilization, with 31% in 2022 and 33% in 2023. This may indicate a shift in priorities or the adoption of alternative tools for monitoring specific performance indicators aligned with strategic objectives. The Corporate dashboard witnessed a slight improvement in utilization in small companies (28% in 2022 vs 30% in 2023).

For large corporations (500 employees or more) there is no meaningful change noticed in the preference of tool usage, except for the corporate dashboard (key metrics), whose average dropped from 39% last year to 33% this year.

Regarding the unlisted answers (Other), the professionals mentioned that they use different tools, such as the X Matrix, SWOT analysis, and the KPI documentation form. In 2022, they defined “Others” as strategic theme and results, and IBM CLM.

In-depth insights

To gain a more profound understanding of the unique aspects of corporate strategic planning, experts were asked to indicate their level of agreement with a series of statements. Utilizing a scale ranging from 1 to 5 (where 1 represents "Strongly Disagree" and 5 represents "Strongly Agree"), the evaluation outcomes offer comprehensive insights into the process of strategic planning (***Figures 6.1-6.8*** *Agreement with strategy planning characteristics*)

73% of corporate strategies cover all key areas of the business

A notable majority of respondents, comprising 47% who agree and 26% who strongly agree, claim that their organization's strategy pillars effectively encompass crucial business areas like customers and other external stakeholders, internal operations, employees, and financial aspects. It is worth mentioning that a combined 12% (6% disagree and 6% strongly disagree) hold differing opinions, indicating a minority perspective.

69% of organizations consider risk management as part of their strategy

Notably, 40% of respondents agree and 29% strongly agree that risk management is part of their organization's strategy. It is important to highlight that a considerable portion of respondents (15%) neither agree nor disagree, while 16% disagree and strongly disagree, expressing concerns about risk management's full integration into their organization's strategy.

A note worth mentioning is that companies with 101–500 employees marked the highest choice of risk management inclusion in their strategies (20%) even compared to large corporations with 5000–10,000 (7%) or 10,000+ employees (15%). The top three industries that incorporate risk management into their strategies are as follows: the food and beverage industry rank highest at 57%, followed by banking at 50%, and consulting at 42%.

1 - Strongly disagree | 2 - Disagree | 3 - Neither agree nor disagree | 4 - Agree | 5 - Strongly Agree

68% of organizations consider sustainability matters into their strategy

Approximately 39% of respondents agree and 29% strongly agree that sustainability is integrated into their organization's strategy, demonstrating a significant level of recognition and alignment with sustainability practices. However, 16% express uncertainty, highlighting the need for clearer clarification on the incorporation of sustainability. Conversely, 11% of respondents disagree and 5% strongly disagree that sustainability is part of their organization's strategy.

Same as with risk management, smaller companies had higher instances of choosing to incorporate sustainability matters into their strategy (19%) compared to large corporations with 5000–10,000 employees and 10,000+ employees (8% & 10%, respectively). Meanwhile, medium enterprises (1000–5000 employees) marked the highest among respondents with 23%. The top three industries that prioritize sustainability as part of their strategy are as follows: the technology sector leads at 46%, followed by banking at 36%, and consulting at 31%.

65% of organizations consider short-term and long-term perspectives to be part of their strategy

A notable majority of respondents (43% agree, 22% strongly agree) recognize and align with the organization's strategy effectively encompassing both short-term and long-term goals, emphasizing the importance of balancing immediate and future objectives. In contrast, a minority (10% disagree, 6% strongly disagree) feel that their organization's strategy does not adequately address this balance.

64% of organizations consider the objectives mentioned in their strategy to be clear and precise

It is intriguing to note that 38% of respondents agree and 26% strongly agree that the objectives outlined in the strategy are precise, clear, and free from ambiguity. However, it is important to recognize that 19% neither agreed nor disagreed with that statement.

Furthermore, 13% of respondents disagree and 4% strongly disagree that the objectives are precise and clear. These dissenting views emphasize the need for a critical reevaluation and potential rewording of the objectives in the strategy to ensure greater clarity and specificity.

1 - Strongly disagree 2 - Disagree 3 - Neither agree nor disagree 4 - Agree 5 - Strongly Agree

63% of organizations consider the objectives mentioned in their strategy are defined by measurable KPIs and targets

It is notable that 37% of respondents agree and 26% strongly agree that the objectives in the strategy are defined by measurable KPIs and targets to be achieved. This indicates a substantial level of agreement regarding the presence of quantifiable metrics in goal setting.

However, 12% of respondents disagree and 6% strongly disagree with the notion of measurable objectives in the organization's strategy.

41% of organizations are either neutral or disagree with their project or KPI targets being realistic

It is worth mentioning that 40% of respondents agree and 19% strongly agree that their targets are realistic, considering the current external and internal conditions of the organization. Moreover, 24% express uncertainty, neither agreeing nor disagreeing with that statement.

In opposition, 13% of respondents disagree and 4% strongly disagree with the assertion that the objectives are realistic and applicable. These dissenting views highlight concerns or perceived gaps in the alignment of objectives within the organization's current situation.

12% of organizations strongly agree that it is easy to observe the impact of current projects on their respective objectives

As seen in the chart, 36% of respondents agree and 12% strongly agree that it is easy to grasp how the different objectives and projects connect to one another. This suggests a significant level of understanding and alignment. However, 27% express uncertainty or disagreement, neither agreeing nor disagreeing with the statement. In contrast, 20% of respondents disagree and 5% strongly disagree, stating that it is difficult to connect the objectives to one another.

These dissenting views highlight the existence of challenges or perceived obstacles in understanding and perceiving the relationships and interdependencies within the organizational strategy. In general, the coverage of strategy pillars received the highest level of agreement compared to other aspects, with 73% confirming that their organization's plan includes them. Conversely, the lowest percentage of respondents (48%) agreed that it is easy to comprehend the interconnectedness of the plan's objectives.

1 - Strongly disagree | 2 - Disagree | 3 - Neither agree nor disagree | 4 - Agree | 5 - Strongly Agree

5.1.2 Strategy review

Driving factors

Understanding the key driving factors that trigger an organizational strategy review outside of the usual process is essential for businesses to adapt and thrive in a dynamic environment.

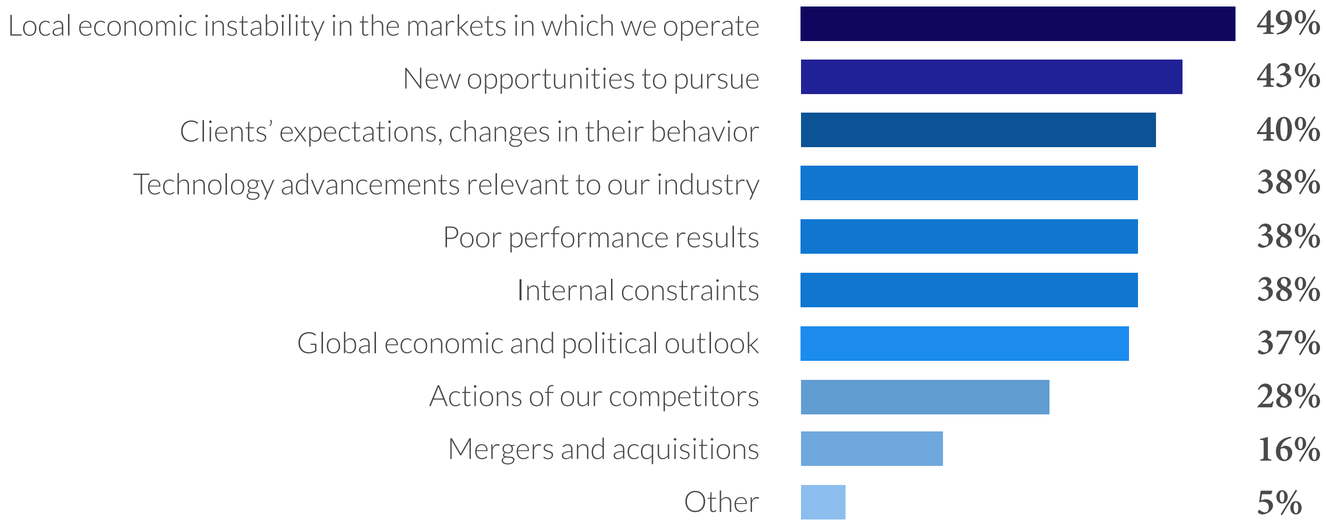


Figure 7. *Factors that trigger strategy changes*

Note. Participants were allowed to choose more than one answer, and the percentages indicate the share in which each response was cited.

Economic factors, accounting for a significant majority (approximately 86%) of the influencing factors, play a pivotal role as primary catalysts prompting companies to adjust their strategies. Following closely behind is the pursuit of new market opportunities, which serves as a motivating factor for 43% of companies to adjust their strategies. Additionally, meeting client expectations is a key driver for companies to reassess and adjust their strategies, with 40% of companies emphasizing its importance. Moreover, the adoption of relevant technologies emerges as another significant driver, with 39% of companies recognizing its influence in shaping and adapting their company's strategies accordingly. These factors collectively underscore the dynamic nature of the business environment and the imperative for organizations to remain agile and responsive in their strategic decision-making processes.

A notable trend emerges when examining the impact of the global economy on strategy changes based on company size. Larger organizations, particularly those with 10,000 or more employees, exhibit a heightened sensitivity to global economic conditions (57%), which prompts them to reassess and adapt their strategies accordingly. On the other hand, smaller companies are less affected by these external economic factors, suggesting a potentially higher capacity to navigate challenges and maintain a consistent strategic direction.

The professionals who discussed alternative options emphasized additional factors, such as the availability of foreign currency in the market, governmental policies, changes in top-level management, and alignment with long-term goals.

Frequency

Strategy review is a key aspect of strategic management that determines how often organizations evaluate and assess their strategies considering internal and external changes. The frequency of these reviews varies among organizations, as it depends on factors such as industry dynamics, organizational goals, market volatility, and the pace of external changes.

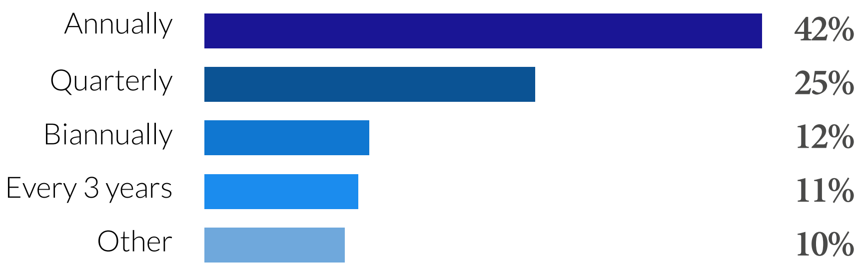


Figure 8. *Organizational strategy review frequency*

Most respondents (42%) stated that their organization reviews the strategy on an annual basis.

A quarter of the respondents (25%) mentioned that their organization conducts strategy reviews on a quarterly basis. This suggests a more frequent and agile approach to strategy, allowing for more regular updates and adjustments.

According to 12% of the respondents, biannual strategy reviews are conducted, indicating that certain organizations review their strategy twice a year. On the other hand, 11% of the respondents mentioned that their organization reviews the strategy every 3 years, implying a less frequent review cycle.

Among the respondents, a minority (10%) chose the “Other” option, indicating that their organization follows a strategy review frequency not listed in the available choices. However, the largest subgroups within this category mentioned conducting reviews every 4 or 5 years, which aligns with the observations made by professionals in 2022.

In comparison to the results from the previous year, the current findings indicate a consistency in the top two most common strategy review frequencies. However, there is a slight increase of 2% in organizations reporting biannual reviews compared to the data from 2022.

5.1.3 Transparency

Strategy communication

Strategy communication serves as a vital link between the planning and implementation phases, ensuring that the strategic intent is understood, embraced, and effectively translated into action throughout the organization. Strategy communication involves conveying the organization's strategic direction, goals, objectives, and key initiatives to all relevant stakeholders. By effectively communicating the strategy, organizations can create a shared understanding and sense of purpose, empowering both individuals and teams to make informed decisions and contribute towards strategic objectives.

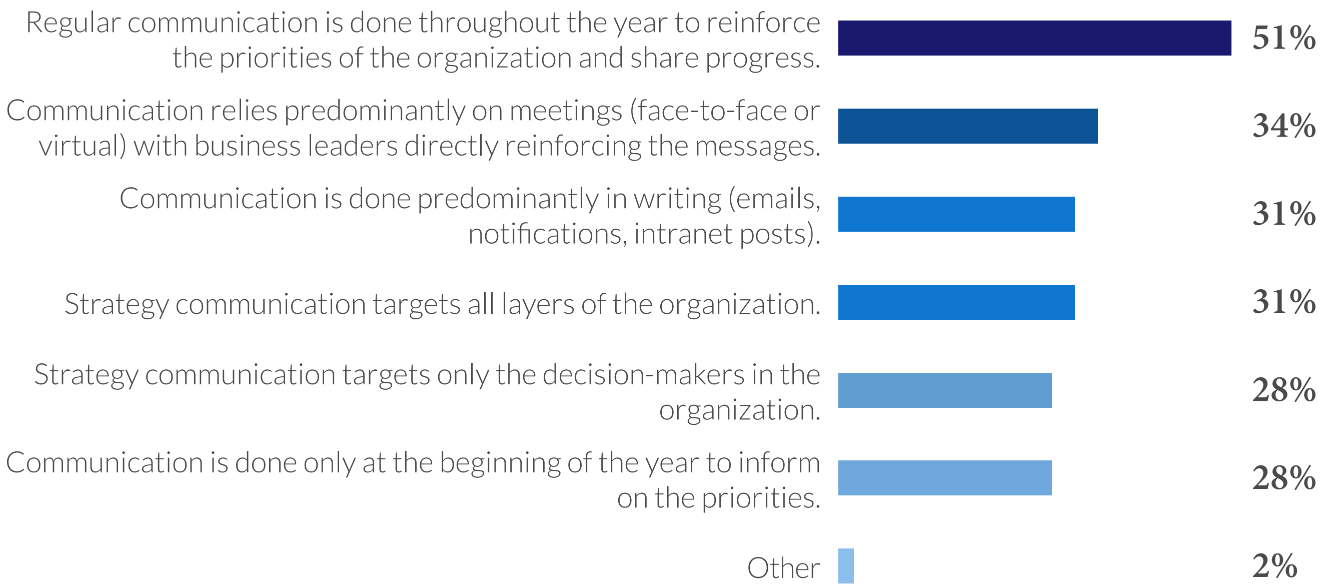


Figure 9. *Strategy communication framework*

Note. Participants were allowed to choose more than one answer, and the percentages indicate the share in which each response was cited.

A noteworthy finding is the widespread adoption of regular communication throughout the year to reinforce organizational priorities and share progress, with most respondents (51%) indicating its implementation.

Furthermore, face-to-face, or virtual meetings with business leaders emerge as the second preferred method for strategy communication, as indicated by (34%) of respondents. This emphasizes the importance placed on direct interaction and leadership involvement in reinforcing strategic messages and ensuring their effective dissemination throughout the organization. It is worth highlighting that written channel, including emails, notifications, and intranet posts, are utilized for strategy communication, according to 31% of respondents. This suggests the utilization of diverse written communication tools to effectively disseminate strategy-related information to employees.

Regarding the target audience of strategy communication, it is encouraging to note that a sizable portion of organizations (31%) aim to communicate the strategy to all layers of the organization. This inclusive approach fosters a sense of ownership, alignment, and engagement across various levels within the company, enabling a cohesive understanding and collective commitment to strategic goals.

A considerable portion of respondents (28%) said that their company's strategy communication primarily targets decision-makers, excluding other members of the organization. This suggests a potential lack of inclusivity and transparency in the communication process, which can hinder effective strategy implementation and engagement among employees at all levels.

Furthermore, another 28% of respondents perceive strategy communication as a one-time event at the beginning of the year that is solely focused on informing employees about the company's priorities. This limited approach to communication overlooks the importance of ongoing, continuous communication throughout the year to reinforce the strategic direction, provide updates, and foster alignment and engagement.

At the non-managerial level, employees demonstrated a commitment to regular communication, mirroring their counterparts in other positions. However, an intriguing distinction arises when considering their perception of strategy communication. A notable percentage (51%) of non-managerial employees expressed agreement with the notion that strategy communication primarily targets decision-makers, excluding them from the process. This finding suggests a potential perception of limited relevance or connection to the overarching strategic direction of the organization among non-managerial staff.

Moreover, the survey findings indicate that non-managerial employees are less likely to participate in formal meetings or receive official emails specifically related to strategy. These insights shed light on the potential challenges faced by non-managerial employees in understanding and aligning with the strategic objectives of the organization.

Within their respective organizations, a small portion (2%) of professionals mentioned a different perspective, stating that there is no communication of the strategy plan beyond the top management level. This contrasts with 2022, when professionals mentioned that the strategy was communicated through the company website or various meetings like companywide town halls or department meetings.

Strategy awareness

Strategy awareness plays a vital role in organizational success as it ensures that all stakeholders have a clear understanding of the strategic direction, objectives, and initiatives. It also enables employees, team leaders, and managers to align their actions and decisions with the organization's strategic goals.

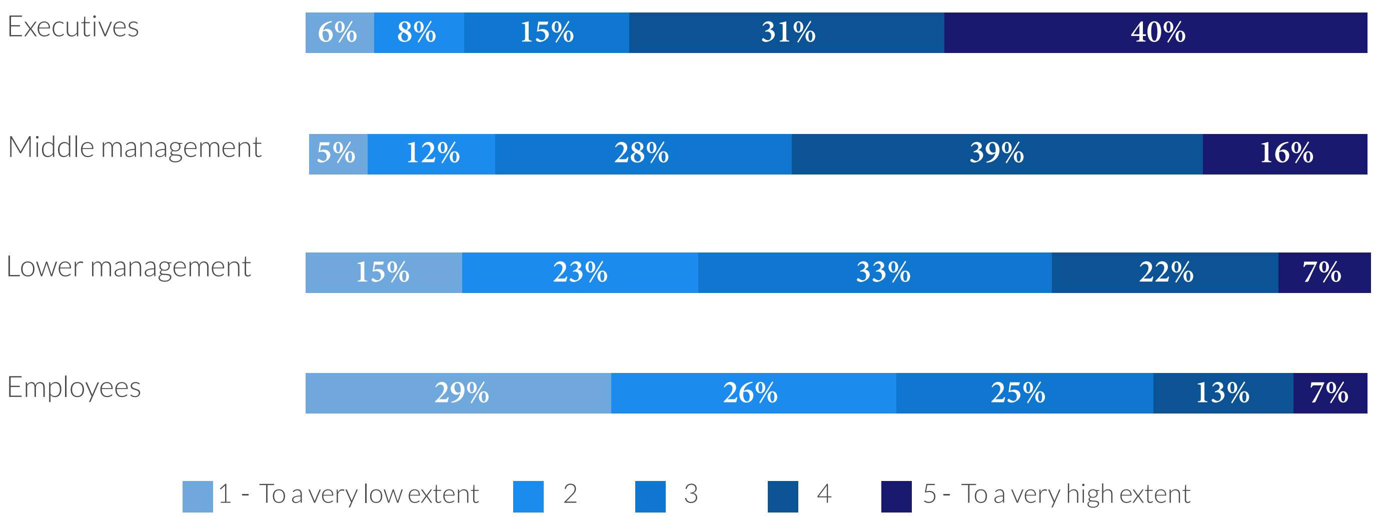


Figure 10. *Strategy awareness at different levels in the organization*

Unfortunately, the findings show a notable disparity in the perceived level of awareness regarding the organization's strategy across the various levels of the organizational hierarchy. Executives lead the charge with a 40% awareness level, demonstrating a better view of the company's strategic vision and direction. However, as we descend along the hierarchy, middle management's awareness drops to 16%, creating a significant 24% gap compared to the level just above it.

Moving further down, both lower management and employees exhibit a mere 7% awareness, highlighting a disconnect between day-to-day operations and the broader strategic goals. The awareness level of employees decreases by approximately 50% compared to higher levels as we move down the hierarchy. This observation suggests that there may be a need for enhanced communication and engagement strategies to bridge the gap in strategic awareness and ensure a more inclusive understanding throughout all levels of the organization.

Research insights 05

5.2 Strategy measurement

Highlights

57%

of respondents reports that their organizations have adopted **a standardized performance management system.**

52%

of professionals have a **positive perception of their organization's ability to set ambitious targets.**

52%

of the respondents **prioritize the availability of implementation resources,** such as time, budget, and personnel, when choosing a performance management framework.

60%

organizations demonstrate a balanced approach by equally emphasizing the **use of KPIs in both employee performance evaluations and corporate performance assessments.**

61%

of professionals who find **KPIs highly relevant also rate their organizations' KPI selection capabilities at the highest level.**

65%

of respondents reveal the **absence of a software solution** in their organizations **for capturing and reporting KPIs.**

5.2.1 Performance management system architecture

Frameworks

Performance management systems (PMS) empower organizations to improve performance, shape behaviors, and drive change by aligning strategy with operations and translating objectives into measurable results. In today's dynamic landscape, a well-designed PMS framework is essential to enabling organizations to access real-time data for making timely decisions in response to new challenges.

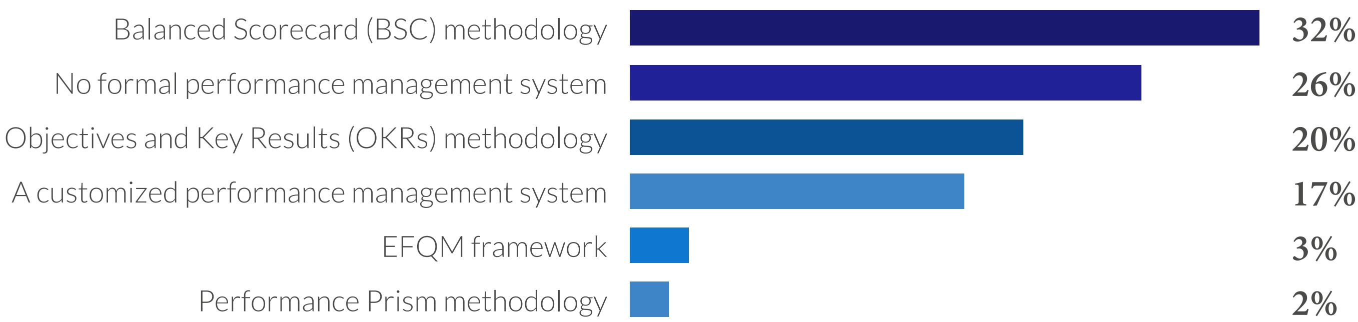


Figure 11. *Performance management frameworks*

A significant insight gleaned from the survey results is the categorization of professional organizations into three distinct groups. The first group represents the predominant practice in which organizations adopt a standardized framework to manage performance. The second group refers to respondents who claim their company is using a customized, hybrid model. Finally, the third group consists of entities that do not utilize any formal system.

Among the various standardized frameworks used in practice, the Balanced Scorecard (BSC) methodology remains the most widely used, as reported by 32% of respondents, identical to last year.

The Objectives and Key Results (OKRs) methodology was adopted by 20% of the respondents, making it the second most utilized framework, despite a slight decrease in professionals' preference compared to last year (23%). Although less popular, the EFQM framework maintains the same level of utilization at 3%, while the Performance Prism framework sees a slight increase from last year (1%), now being employed by 2% of organizations. All in all, standardized frameworks are used by 57% of respondents.

Meanwhile, the adoption of a customized system was reported by only 17% of organizations, slightly lower compared to last year (20%). While considered a good practice, the efficient implementation of a customized system requires significant resources and expertise, which discourages many organizations from pursuing this approach.

However, the most worrisome finding is that 26% of respondents indicated the absence of any formal performance management system in their organizations. This represents a noticeable increase of 6% compared to last year, the most significant change observed among the three groups. The lack of a PMS gives rise to multiple challenges for organizations, hindering strategy execution and impeding their ability to adapt to change and seize opportunities.

Moreover, it becomes obvious that company size plays a significant role in shaping the chosen approach. Smaller organizations, those with up to 10 employees (45%) and 11 to 100 employees (34%), are more likely to operate without a formal performance management system.

These companies mainly rely on informal processes and direct communication for managing performance due to their limited complexity and smaller workforce.

In contrast, organizations with over 10,000 employees lean toward implementing the OKRs framework. For these large organizations with dispersed teams, OKRs provide a structured approach to align thousands of employees toward common objectives, offering flexibility for quick adjustments in rapidly evolving market conditions.

Rationale

Selecting a PMS framework requires scrutinizing factors that are specific to each company's needs and objectives. Among these factors, the foremost consideration, as highlighted by 52% of respondents, is the availability of implementation resources, which include time, budget, and personnel.

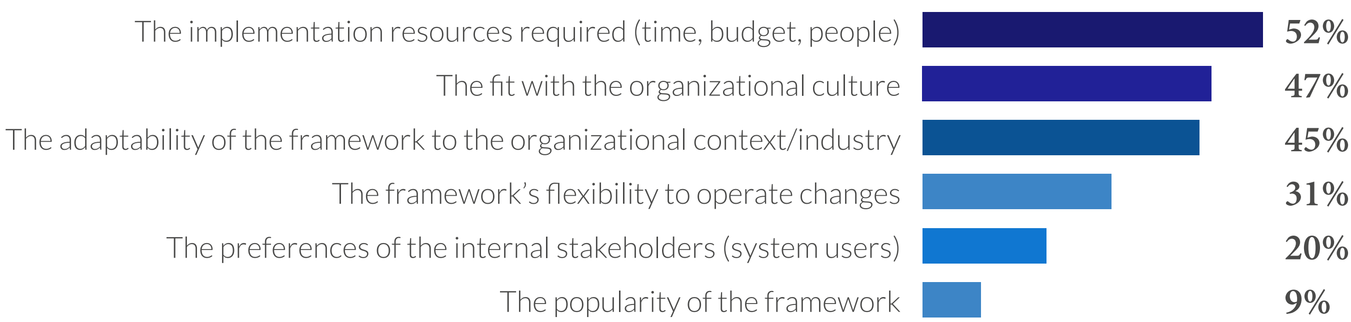


Figure 12. *Key considerations for selecting a performance management framework*

Note. Participants were allowed to choose more than one answer, and the percentages indicate the share in which each response was cited.

The finding suggests that organizations recognize the significance of aligning the PMS framework with their values and beliefs. A notable portion of respondents (47%) consider fitting into the organizational culture as the most important aspect when choosing a performance management framework. A culturally compatible framework promotes employee engagement, establishes consistent performance expectations, enhances organizational effectiveness, and facilitates communication and collaboration.

The agility of the framework is another essential criterion for selection, demonstrated through its adaptability to organizational context and industry (45%) and its flexibility to accommodate changes (31%). This reflects the organizations' recognition of the need for a framework that can easily adapt to their dynamic operations and ever-evolving business environment, allowing customization, modification, and scalability to meet constantly changing needs and goals. This adaptability enables organizations to remain agile and responsive in the face of capricious circumstances. Among the respondents, 20% expressed a significant emphasis on prioritizing the preference for internal stakeholders, specifically system users. This may foster a sense of ownership, engagement, and empowerment among employees, which can positively impact the overall success and acceptance of the performance management practices within the organization.

In contrast, the popularity of the framework itself was considered the least important factor, with only 9% of respondents selecting it as significant.

A notable trend emerges when examining the selection priorities based on the size of the organization. Smaller companies, which often have limited resources, place a higher priority on the availability of implementation resources when selecting a PMS framework. This trend is particularly pronounced among respondents from organizations with fewer than 10 employees, with 67% emphasizing this aspect, and among those from organizations with 11 to 100 employees, with 55% highlighting it as crucial.

On the other hand, large organizations (over 10,000 employees) place a greater emphasis on adaptability to their established culture and context (59%). They require a PMS that can easily integrate with existing systems and structures to ensure a smooth transition and seamless cultural fit during implementation.

5.2.2 KPI deployment practices

KPI usage contexts

Effective measurement and tracking of performance have become imperative for businesses to achieve objectives and stay competitive, leading to the widespread utilization of KPIs across various organizational contexts.

Figure 13. *Contexts of KPI usage*

Note. Participants were allowed to choose more than one answer, and the percentages indicate the share in which each response was cited.

The survey findings demonstrate that organizations employ KPIs in two significant areas: employee performance evaluations and corporate performance, with an equal emphasis of 60% for each area. Incorporating KPIs into employee performance evaluations enables organizations to establish clear performance expectations, monitor progress, and provide constructive feedback to employees. This practice contributes to fostering a performance-driven culture and facilitates informed decision-making regarding employee development and rewards.

Additionally, the utilization of KPIs for corporate performance assessment enables organizations to track their advancement towards strategic goals, monitor critical metrics, and drive overall organizational success.

Furthermore, 58% of the respondents indicated that their organizations use performance metrics primarily for operational and process monitoring.

Quality management emerges as another prominent factor, with 35% of respondents indicating its usage. Following closely is program/project management at 34%. Governance and compliance, as well as customer management, were reported by 29% of respondents, demonstrating their significant roles in KPI utilization. Sustainability stood at 23%, while suppliers' management received a response rate of 17%. Additionally, a small percentage of respondents (5%) specified other factors, such as Safety Management or Compliance. Although these specific areas garnered lower response rates, they indicate the diverse applications of KPIs in addressing specific organizational needs and requirements.

When examining the usage of KPIs across organizations of different sizes, it becomes evident that, regardless of their size, all organizations rely heavily on KPIs for monitoring corporate, operational, and employee performance. It is worth noting that companies with 11-100 employees exhibit the highest usage of KPIs for employee performance evaluations (70%), even surpassing large corporations with 5,000-10,000 (52%) or 10,000+ employees (68%).

In terms of additional context, it is noteworthy that larger organizations (10,000+ employees) show a significantly higher utilization of KPIs. Specifically, they demonstrate a stronger preference for employing KPIs in quality management (57%), customer management (46%), supplier management (30%), and sustainability (49%), surpassing other organizations by a minimum of 12% in each of these areas.

This higher KPI utilization in additional areas reflects the need for more rigorous monitoring, driven by an expanded stakeholder landscape and a greater impact on environmental and social aspects.

KPI relevancy

To delve deeper into the efficacy of KPIs in organizations, professionals were requested to evaluate the degree to which their current KPIs are relevant to the organizational strategy. Using a rating scale of 1 to 5 (1 being the lowest and 5 being the highest), the assessment results provide insights into the extent of alignment between strategy and organizational performance measurement.

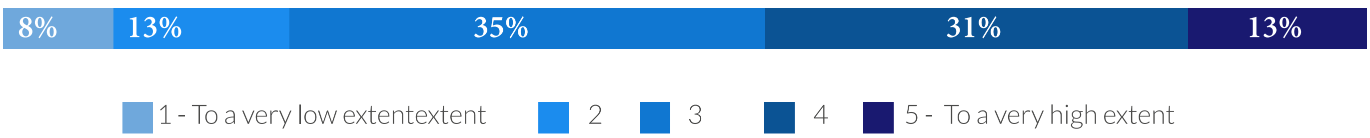


Figure 14. *KPI relevance for organizational strategy*

The extent to which current KPIs are relevant to accurately tracking organizational strategy registers an overall average rating of 3.28. Among the survey respondents, 44% acknowledged that the KPIs used in their organizations are of very high or high relevancy for accurately tracking the strategy. In comparison to the previous year, there has been a decrease of 7%. However, it is noteworthy that there has been a substantial improvement in the proportion of respondents who perceive the relevancy of their KPIs as very high. This figure has increased from 8% to 13% from the previous year.

In contrast, 21% of survey participants considered their KPIs to have low or very low relevance, although there has been a slight improvement of 1% compared to last year.

The relevance of KPIs is also revealed by the perceived level of proficiency in selecting suitable ones. Nearly half (49%) of the respondents rated their organizations' capabilities in this regard as high or above (4 or 5). In contrast, 22% of respondents reported low or below capabilities, while 29% assessed them as moderate.

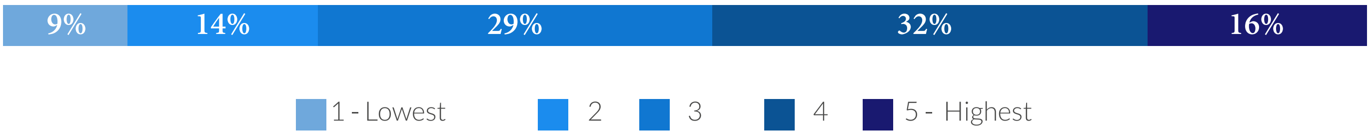


***Figure 15.** Organization capabilities for KPI selection*

As the level of KPI selection proficiency increases, so, too, does the perceived relevance. It is notable that among professionals who perceive their KPIs to have very low relevance, 50% also rate their capabilities in selecting KPIs at the lowest level. In contrast, among professionals who perceive their KPIs to be highly relevant, a substantial proportion (61%) rate their organizations' capabilities in selecting KPIs at the highest level.

This highlights the importance of investing in skills development and knowledge acquisition to enhance KPI selection capabilities. By doing so, organizations can strengthen the alignment between their chosen KPIs and strategic objectives, leading to improved performance outcomes.

It is intriguing to note that respondents who perceive their KPIs as highly or very highly relevant primarily belong to organizations that employ the BSC methodology (52%), which emphasizes the significance of KPIs. This finding underscores the strong association between the adoption of the BSC approach and the recognition of the importance and effectiveness of KPIs in measuring and managing organizational performance.

Conversely, those who perceive their KPIs as having low or very low relevancy (86%) are typically from organizations that have not implemented a PMS. This highlights once again the need for a structured framework for setting, monitoring, and evaluating KPIs.

Challenges in working with KPIs

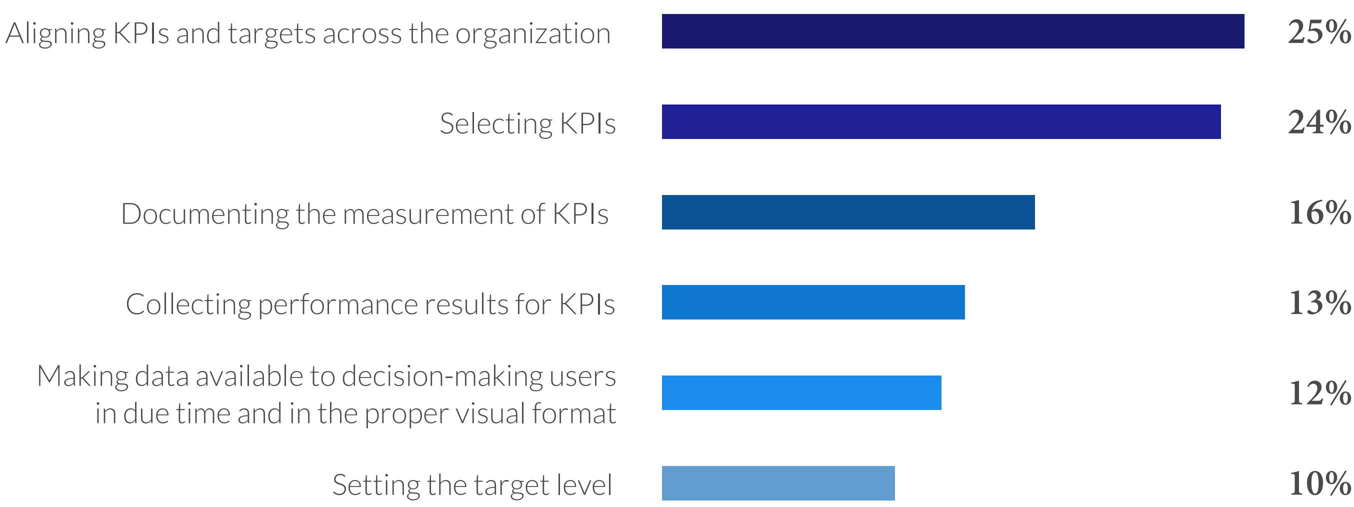


***Figure 16.** Most challenging processes in using KPI*

Aligning KPIs and targets across the organization continues to be the primary challenge (25%) for the second year in a row. This underscores the importance of having all business aspects aligned together as a requirement for organizational effectiveness. Cascading the strategy and KPIs to all functional levels is crucial for aligning all efforts in the same direction and promoting coordination and synergy in attaining organizational goals. KPI selection is shown to be of similar importance to the first challenge at 24%, reflecting a 4% increase compared to last year's results. This emphasizes the importance of investing time and resources in developing robust methodologies and frameworks to guide the selection process and ensure the alignment of KPIs with organizational objectives.

On that note, organizations may benefit from seeking expert guidance and leveraging best practices to overcome this challenge and effectively harness the power of KPIs for performance measurement and management.

Documenting KPIs presents a challenge for 16% of respondents. This finding indicates that organizations face difficulties in properly documenting the calculation process of each reported metric. Defining clear guidelines and establishing a template for this process ensures consistency and accuracy in reporting performance results.

When evaluating their organizations' proficiency in documenting KPIs, 47% of respondents perceive their capabilities as high or better, while 26% perceive their documentation capabilities as low or lowest. To address this skills or knowledge gap, organizations should establish standardized procedures, and provide adequate training and resources for comprehensive and reliable KPI documentation.

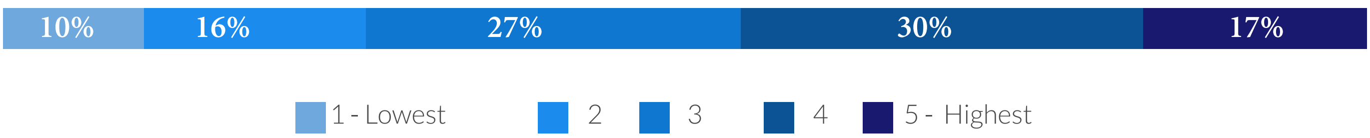


Figure 17. *Organization capabilities for KPI documentation*

The cross-analysis of the two variables revealed a link between the respondents' capabilities and the challenge of documenting KPIs. The percentage of respondents struggling with documenting KPI measurements rises as their capabilities in this area decrease. Challenges related to data collection and data availability, timeliness, and visualization are encountered by 13% and 12% of respondents, respectively. While setting the target level (10%) remains the least challenging aspect of working with KPIs, a slight 2% decrease compared to the previous year.

When examining the challenges from different job positions within the organizational hierarchy, variations can be observed as one would expect given the focus of each job role. The examination of challenges based on organization size indicates that smaller organizations face the greatest difficulty in KPI selection, as evidenced by professionals from organizations with 1-10 employees (30%), 11-100 employees (25%), and 101-500 employees (28%), who selected it as the most challenging aspect of the process. Conversely, professionals from organizations with 500+ employees encounter more challenges in aligning KPIs and targets across the organization (average of 31%).

The difference in challenges being faced by small and large organizations can be attributed to their distinct resource availability and organizational complexities. Small organizations encounter difficulties in defining the most relevant KPIs due to limited resources and expertise. On the other hand, large organizations face challenges stemming from the need to coordinate numerous stakeholders across multiple departments.

Challenges in setting targets

Targets give meaning to measurement results and provide feedback on evaluating organizational performance. The effectiveness of target setting depends on finding the right balance, as overly ambitious and unambitious targets alike can impede the analysis of KPI results. Working with targets is a complex process because, in addition to the technicalities (data availability, understanding of the business and the market, ability to forecast), there are also cultural and social aspects to consider (organizational culture, bonus policy, etc.).

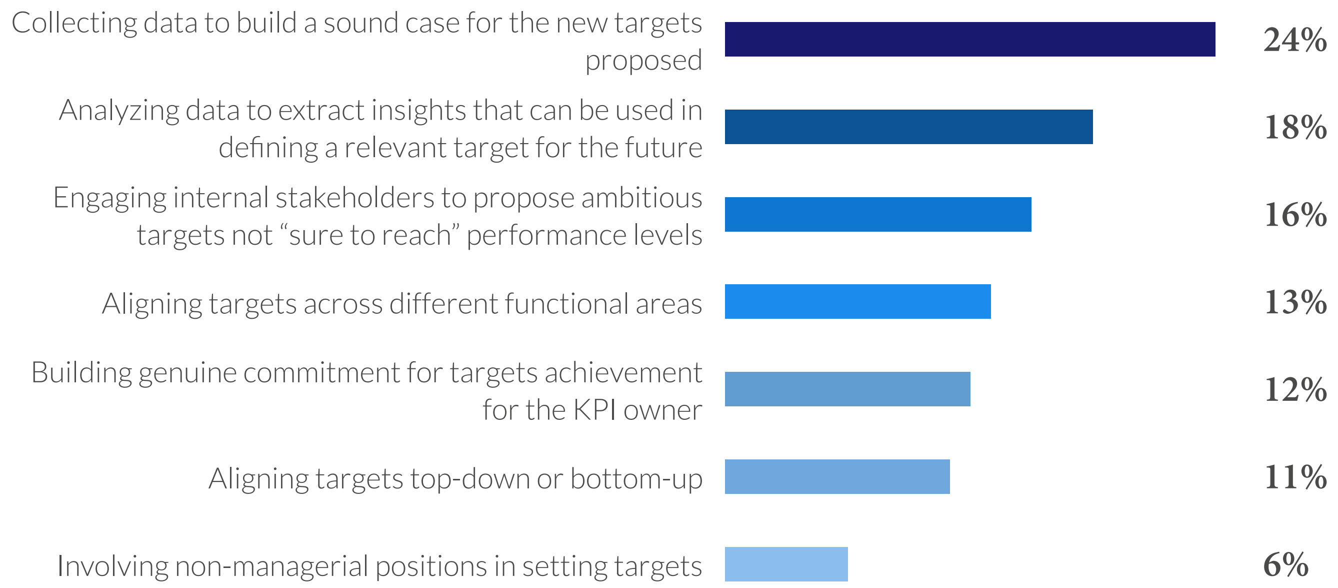


Figure 18. *Most challenging processes in setting targets*

According to the survey, the challenges faced by organizations can be categorized into three distinct groups. The first group revolves around data-related challenges, highlighting the difficulties in collecting and analyzing data for establishing targets. The second group pertains to the challenges of engaging internal stakeholders in proposing and committing to targets. Lastly, the third group encompasses the challenges associated with aligning targets across the organization.

Data-related issues are at the forefront of the target-setting process. Collecting reliable data for establishing new targets is a major challenge that was reported by 24% of respondents, while 18% highlight the difficulty in analyzing data to derive meaningful insights.

Ensuring realistic targets requires the careful consideration of data sources and the accurate organization and effective communication of data. Errors in data analysis can lead to misleading insights, adversely impacting the target-setting process.

It is worth highlighting that engaging internal stakeholders to propose ambitious targets (16%) and fostering genuine commitment towards these targets (12%) are also significant challenges in the target-setting process. The willingness of internal stakeholders to propose ambitious targets is influenced by the organization's culture and its perception of failure. Companies that foster a culture of innovation and view failure as a learning opportunity are more likely to encourage the setting of ambitious targets.

Aligning targets across different functional areas (13%) and achieving top-down or bottom-up alignment (11%) are also recognized as challenges in the target-setting process. It is noteworthy that only 6% of respondents perceive involving non-managerial positions in target setting as a challenge.

Establishing accountability for targets involves clearly assigning KPI owners and effectively communicating performance expectations. Involving KPI owners in the target-setting process ensures their buy-in and alignment as unrealistic targets can lead to demotivation and negative behaviors.

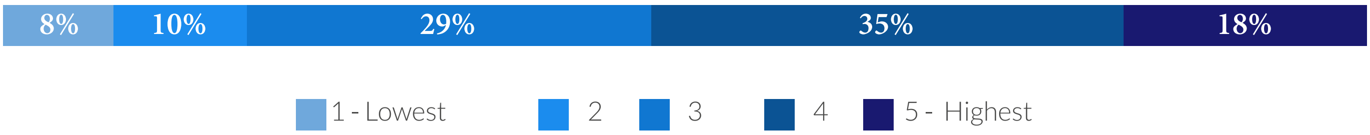


Figure 19. *Organization capabilities for setting targets*

In self-assessing their capabilities for setting targets and aligning them with KPIs, respondents attribute varying levels of importance to different elements. One notable finding is that professionals exhibit a positive perception of their organization's capabilities in setting ambitious targets, with 52% rating them as high or very high (4 or 5) in their evaluation.

On the other hand, 29% of respondents perceive these capabilities as being moderate, and 18% perceive them as low and lowest, showcasing the need for increased engagement.

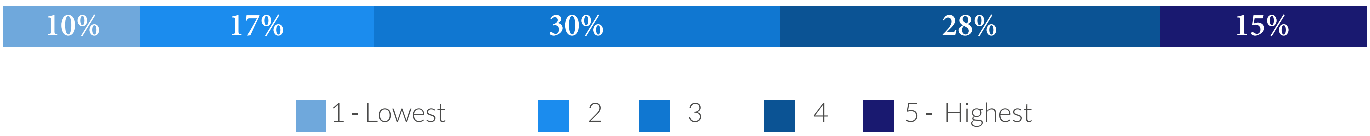


Figure 20. *Organization capabilities for aligning KPIs and targets*

The perception of capabilities in aligning KPIs and targets across the organization is favorable, with 43% of respondents rating them as high or very high (4 or 5). Another 30% perceive these capabilities as moderate.

A smaller proportion of respondents (27%) assess their organizations' aligning capabilities as lower, indicating the necessity for further expertise development in this area.

KPI monitoring automation

Implementing a software solution for capturing and reporting KPIs streamlines performance management processes and supports effective strategy execution. By addressing the complexities of interdepartmental interactions and acknowledging the necessity of managing vast amounts of data, automated solutions help enhance overall organizational performance.

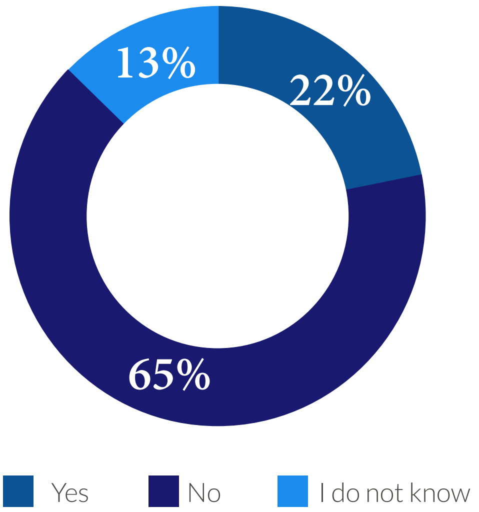


Figure 21. *Usage of software solutions*

In these conditions, the survey results raise concerns as they indicate that 65% of respondents do not utilize software solutions when working with KPIs. Additionally, 13% of respondents are unsure if such solutions exist within their organizations.

Furthermore, there is a notable discrepancy in awareness levels among different hierarchical positions. While only 7% of respondents in executive positions indicated being unaware of the existence of software solutions, the percentage increases as we move down the hierarchy. Among managers, 8% are uncertain about their organization's utilization of these solutions, and among team leaders, the percentage rises to 18%.

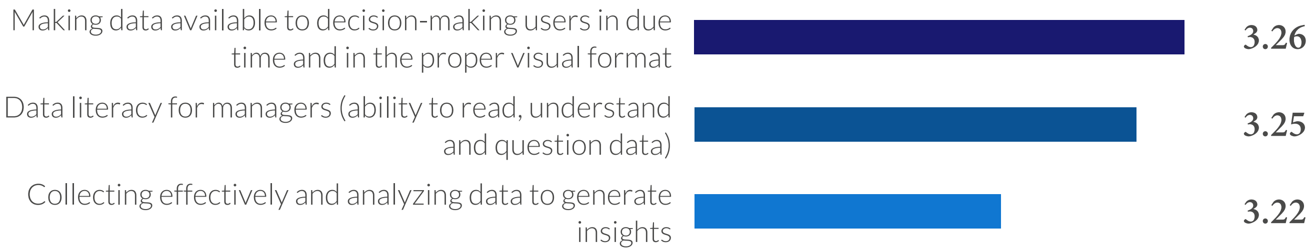


Figure 22. *Organization data-related capabilities, the average scores from 1 to 5*

To implement an effective automated monitoring process, organizations require not only software solutions but also certain data-related capabilities. These capabilities include the effective collection and analysis of data, the ability to make data available in a timely manner and in the appropriate visual format, and data literacy among managers.

In terms of the three capabilities assessed, professionals consider ensuring timely data availability and effective presentation as the most advanced, with an average rating of 3.26. The ability to make data available is highly successful, as indicated by 32% of respondents rating it as high and 14% rating it as very high. The data literacy of managers closely follows with an average rating of 3.25, and it stands out as the capability with the smallest proportion of respondents perceiving it as low or very low (25%)

Lastly, effective data collection and analysis rank third with an average of 3.22 and the lowest percentage of respondents rating it as very high (13%). Additionally, 27% of respondents recognize room for improvement on the lower end of the scale.

While respondents generally perceive data-related capabilities as moderate or better in all cases, the results highlight the importance of improving these capabilities within organizations. They emphasize the need for focused attention in providing data in a timely manner and presenting it effectively, enabling informed decision-making and maximizing the value of data-driven insights. Additionally, the findings suggest that while progress has been made in fostering data literacy among managers, there is still room for improvement to ensure that they possess the necessary skills and knowledge to effectively leverage data for informed decision-making.

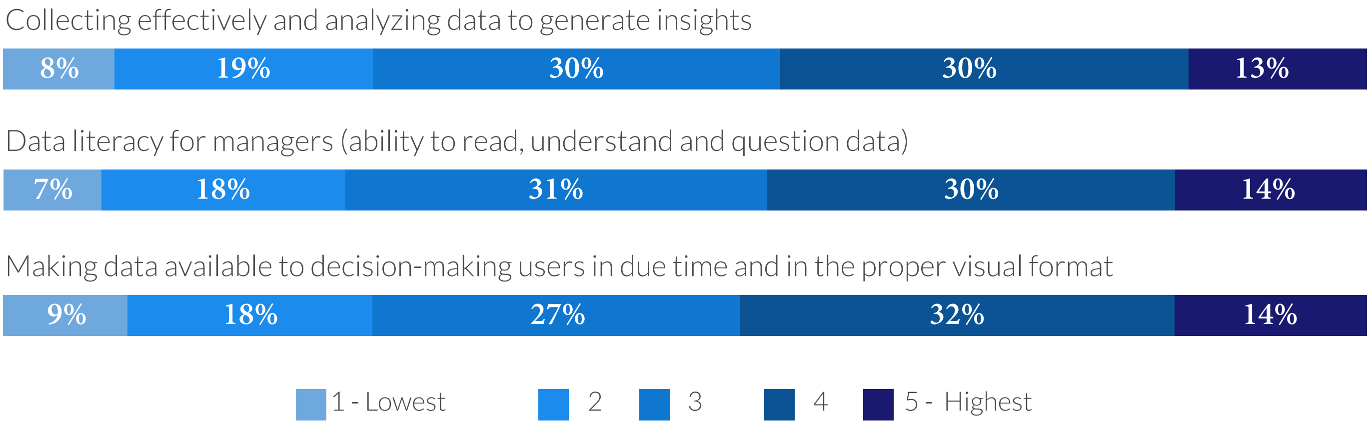


Figure 23. *Organization data-related capabilities, scale breakdown*

Furthermore, the results highlight the need for organizations to enhance their data collection and analysis capabilities, enabling them to enhance performance monitoring and unlock deeper insights. Survey data confirms that organizations using performance management software solutions have a higher level of data-related capabilities. This underscores the positive impact of software implementations and usage in enhancing data skills and knowledge.

Figure 24. *Top 3 software solutions for gathering and reporting performance data*

The top three software tools for gathering and reporting performance data reported by respondents are SAP Solution, Power BI, and Microsoft Office Excel. These have remained popular since last year's report's findings. However, compared to 2022, this year sees an increasing number of organizations claiming to have developed in-house solutions for capturing and reporting KPIs.

Research insights 05

5.3 Strategy execution

Highlights

3.19

is the overall score of the **perceived agility** of organizations.

64%

of respondents agree that **active projects are aligned with organization`s strategy.**

63%

of professionals recognize they are **familiar** with cases in which strategy execution has **failed** in their organizations.

46%

of professionals rely on **combining the assumptions and the business instinct of executives with data and facts** aggregated in a scoring model for initiative prioritization.

32%

of organizations are committed to a **monthly performance reporting** frequency to monitor strategy execution.

29%

of organizations reported the **project plan** as the most widely used management tool.

5.3.1 Strategy execution challenges

Strategy failure reasons

Our research invited professionals to express their agreement on the following statement: "My organization is highly successful in executing strategy."

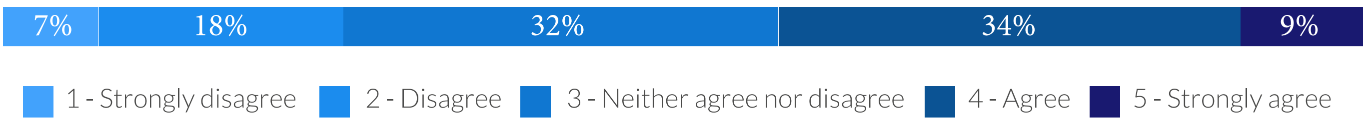


Figure 25. *The organization is highly successful in executing strategy*

Insights show that 41% of respondents agree and 10% strongly agree with this claim, and 25% share the opposite opinion. While the general perception leans toward the positive side with many organizations perceived as successful in implementing strategy, 63% of professionals admit to being aware of instances in which strategy has failed. This figure has increased by 6% compared to last year.

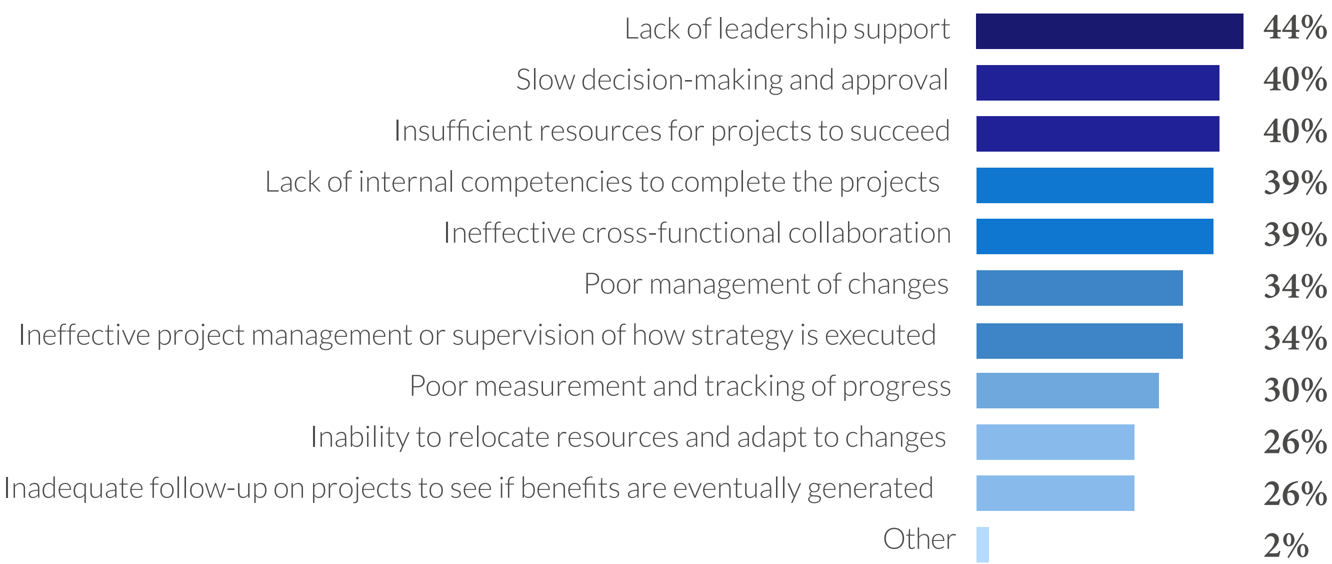


Figure 26. *Strategy failure reasons*

Note. Participants were allowed to choose more than one answer, and the percentages indicate the share in which each response was cited.

The foremost cause of strategy implementation failure is the absence of leadership support, cited by 44% of respondents. In 2022, this reason ranked 7th in the list. This highlights the critical importance of leaders in establishing strategic direction, offering guidance, and ensuring consistent follow-up during the execution phase.

Moreover, as reported by 40% of professionals, the second most frequently mentioned reasons for project failure, are insufficient resources for successful project completion and slow decision-making. There have been slight changes from the previous year, with slow decision-making moving up one rank and insufficient resources dropping down one rank in the list of project failure common reasons.

In third place, with only a 5% difference from the top reason, are the lack of internal competencies and ineffective cross-functional collaboration, which were identified by 39% of professionals.

By analyzing the matter of cross-functional collaboration more profoundly, our data outlines that 23% of professionals disagree or strongly disagree with the effectiveness of collaboration among departments. On the other hand, 30% expressed a neutral opinion on the matter. Cross-functional collaboration is not a key driver for successful strategy execution. But it is an area where organizations display significant room for improvement.

Figure 27. *There is an effective cross-functional collaboration in the process of strategy execution*

Ranked fourth, poor management of changes and ineffective project management are highlighted by 34% of professionals as significant contributors to strategy failure. Almost half, or 46% of respondents, consider change management a strong organizational capability, while 27% have a neutral position regarding the matter.

Figure 28. *Managing changes is one of our organization's strengths*

Larger companies with over 10,000 employees tend to have a higher representation (16%) of professionals who believe that managing changes is a strength within their organization. Conversely, companies with 101-500 employees display the lowest percentage at 4%.

Close to 30% of professionals identified the poor measurement and tracking of progress as the leading cause of strategy failure,directly linked to the point emphasized in the previous reason.

In last place, 26% of the professionals mentioned the corporate inability to relocate resources and adapt to changes and inadequate follow-up on projects to see the eventual generation of benefits as the reasons for the strategy to fail.

5.3.2 Project management practices

Project management tools

Project management is a key organizational capability for strategy execution. The maturity of project management practices and tools directly impacts the ability to implement strategy by organizing operational work, improving team collaboration and communication, and optimizing resource usage and allocation.

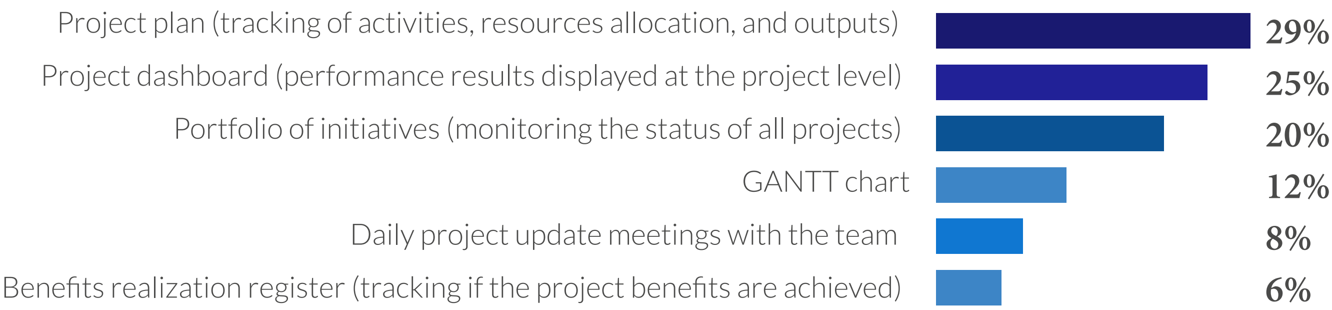


Figure 29. *Performance management tool preference*

The project plan emerges as the most widely used tool with 29% of respondents indicating its usage. This underscores the importance of having a comprehensive plan that outlines the tasks, timelines and resource allocation for each project within the portfolio.

The second frequently employed tool is the project dashboard, utilized by 25% of professionals. This tool visually represents project-level performance results, enabling stakeholders to monitor progress, identify bottlenecks, and make informed decisions based on key indicators.

In third place, monitoring the portfolio of initiatives is a prevalent approach used by 20% of professionals. This method involves overseeing the status and progress of all projects within the portfolio to ensure alignment with organizational goals and strategic objectives.

Furthermore, GANTT charts and daily update meetings are less commonly used tools, selected by only 12% and 8% of professionals, respectively. At the bottom, the Benefits realization register appears to be the least popular tool, with only 6% of professionals utilizing it. Despite its potential to assess achieving desired benefits and positively impact strategy execution, organizations have adopted it less frequently. When examining tool utilization across sizes of organizations, smaller organizations with less than 10 employees prioritize the project plan as their primary project management tool, as reported by 48% of professionals.

Similarly, organizations with 11-100 employees also prioritize the project plan, with 38% of professionals selecting it. In contrast, larger organizations with 10,000+ employees favor the project dashboard, chosen by 49% of professionals. The project dashboard offers greater visibility and real-time monitoring, which is particularly beneficial for organizations with extensive project portfolios.

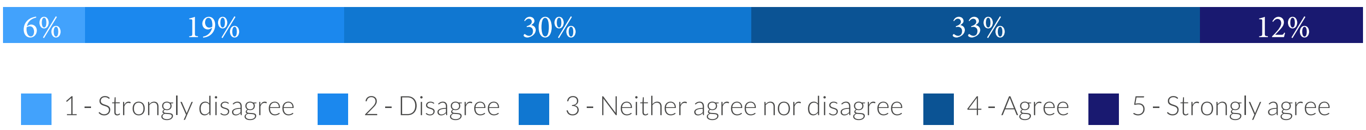


Figure 30. *Our organization has a strong project management capability*

As management tools aid in achieving smoother and more precise project management, the capabilities of the organizations will naturally vary. Results show that almost half of professionals trust their organization's ability to effectively manage projects (33% of respondents agree, and 12% strongly agree).

However, a quarter of them are suggesting a weak project management capability. By understanding the employees perceptions and addressing the issues, organizations can aim to strengthen their project management capabilities and enhance overall performance.

Initiative prioritization

Transitioning from strategy planning to implementation pose challenges for top management teams from different points of view, such as prioritizing actions, monitoring projects, operating an effective process of reporting and decision-making, and building a culture of discipline without becoming too rigid leading to a loss of new opportunities or inability to adapt to changes.

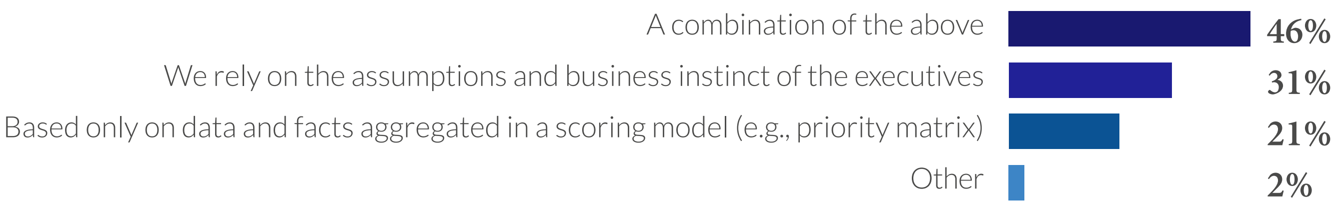


Figure 31. *Initiative prioritization techniques*

In terms of prioritization, 46% of professionals prefer an approach that combines the assumptions and business instinct of the executives with data and facts. In contrast, only 21% of the organizations surveyed rely solely on data and facts to identify the priorities among current initiatives.

When considering the best practice, it is important to acknowledge that a balance between the business experience of executives and data to inform prioritization is desirable. However, assumptions should not weigh in more than facts and data since the risk of subjectivity is high. Experienced executives and professionals are a tremendous intangible asset for the organization. But their opinions should be backed up to some extent by data.

Furthermore, 2% of professionals specified alternative approaches not covered by the given options. In these answers, the prioritization of initiatives is accomplished by considering strategic directions, clients' input, or criteria such as impact, difficulty, or complexity. The clients' input is a recurring criterion from our previous research and plays a significant role in identifying priority projects. In most cases, client inputs come in the form of data, whether it is quantitative or qualitative.

Insights gathered from professionals in the working sector reveal that non-profit organizations stand out as the sole entities that exhibit a greater inclination towards relying on assumptions and business instincts of executives for initiative prioritization, with a preference of 52%. In contrast, organizations from the public (avg. 43%) and private (avg. 48%) sectors prefer the combined approach.

Moreover, the preference for a balanced approach to initiative prioritization is consistent across organizations of all sizes. Notably, organizations with 10,000+ employees demonstrate the highest inclination towards this approach with 62%. This surpasses organizations with 501-1,000 employees, the second-highest group, by a significant 13 percentage points.

Large organizations require a more structured and balanced approach to manage a greater number of initiatives. At the same time, they possess sufficient resources to carry out more complex prioritization processes that incorporate subjective judgment and objective data.

Figure 32. *Active projects are aligned with the strategy of the organization*

When assessing the quality of initiatives based on their alignment with company strategy, 48% of respondents agree and 16% strongly agree that active projects are aligned with the organization's strategy. This indicates a relatively positive perception of alignment.

However, it is worth noting that 11% of respondents disagree and 3% strongly disagree, suggesting that there may be some disconnection or lack of clarity in ensuring project alignment. Organizations should focus on enhancing communication and coordination further to improve the alignment between projects and strategic objectives.

Project progress reporting cycle

Consistent reporting on the progress of strategic projects keeps stakeholders well-informed, aligned and actively engaged with the project's advancements, risks and challenges. This reporting process facilitates decision-makers to implement strategy effectively.

However, it is essential to strike the right balance not just in terms of frequency of reporting but also in the quality of data provided. To make sure decision-making is efficient, executives should not be buried in overwhelming amounts of irrelevant data or less important information.

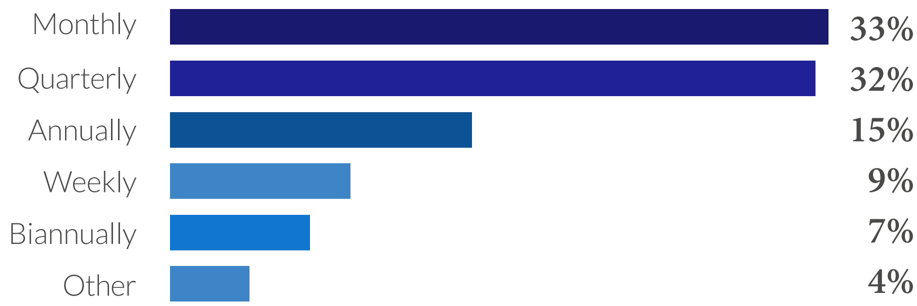


Figure 33. *Reporting frequency of strategic projects*

According to 32% of professionals, the most preferred reporting frequencies for progress on strategic projects are quarterly and monthly. This distribution aligns with the previous year when monthly reporting held a slight edge over quarterly reporting by one percentage point (36% and 35%).

The next most selected option for reporting frequency is annual (15%), while less common frequencies are weekly (9%) and biannually (7%). Moreover, 4% of professionals mentioned that reporting in their organizations is either done based on corporate-level requests or as and when required, and in some cases, it is not done at all.

The preferred reporting frequency differs based on the organization's size. Smaller companies, with fewer than 10 to 100 employees, tend to favor monthly reporting (36%) due to the reduced complexity of their operations and quicker decision-making that enable timely adjustments.

In contrast, larger companies with 1,000 to 5,000 employees (36%) and those with 10,000+ employees (38%) preferred quarterly reporting. This frequency allows for a broader overview of project direction and performance.

5.3.3 Organizational agility

Monitoring performance

In today's fast-paced and ever-changing business environment, organizations face a constant stream of uncertainties and challenges. In this context, agility reflects an organization's capacity to renew, adapt and prosper in a fast-changing, unpredictable and tumultuous environment. More frequent performance reporting enables professionals to respond proactively to challenges and emerging trends, reflecting on the organization's overall agility abilities.

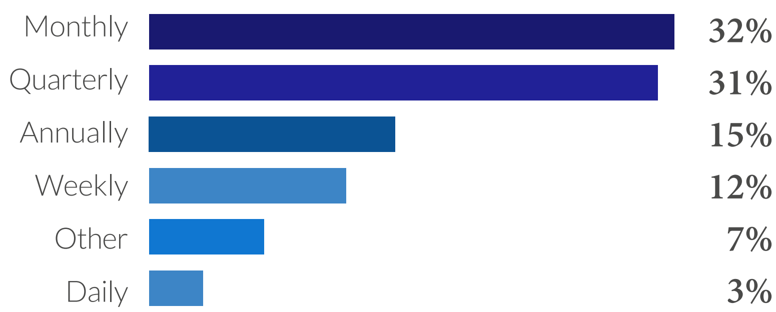


Figure 34. *Frequency of performance data review*

The preferred frequency for discussing performance data is monthly, as 32% of respondents indicated. Quarterly discussions remain popular, chosen by 31% of professionals, although there has been a decline of 5% compared to last year.

Annual reporting ranks as the next most common as selected by 15% of professionals. Less common frequencies, such as weekly (12%) and daily (3%), received lower preferences from professionals. Among those is selecting other frequencies (7%)—most reported conducting review discussions biannually or as needed only.

The dominance of monthly and quarterly reporting frequencies remains prevalent across all working sectors. Sector insights reveal that the private sector is strongly inclined towards more frequent reviews, with a widespread preference for monthly reporting. Furthermore, private - service (12%) and consulting (20%) stand out, indicating their organizations conduct weekly evaluations.

The private sector's preference for more frequent reviews can be attributed to the competitive nature of their markets. Private organizations recognize the need to closely monitor performance to maintain agility and responsiveness to market dynamics. Additionally, the private-service and consulting sectors have an even greater demand for real-time performance tracking due to their client-focused and project-based nature.

Across industries, there is a distinct preference for monthly or more frequent performance reviews, except for two industries: (1) the food, beverages and tobacco industry and (2) the government industry. Professionals in the Food, Beverages & Tobacco industry (57%) and Government - Local sector (74%) exhibit a greater preference for quarterly and annual review frequencies. The extended review cycles observed in local government organizations can be attributed to factors such as the complex hierarchical structures that exist across different agencies, the focus on long-lasting development initiatives, and the relatively lower impact of market dynamics on government activities.

There is a noteworthy consistency between the frequency of performance data discussions and the reporting on the progress of strategic projects. Respondents who selected weekly (32%), monthly (50%), quarterly (48%), and annual reporting (53%) for strategic projects also indicated the same frequency for data reviews. This suggests a parallel approach in the frequency of discussions for performance data and strategic project progress.

The appropriate frequency for reporting and discussing performance data varies depending on the unique requirements of each organization.

However, given the high volatility of markets, adopting a more frequent reporting schedule is advisable to facilitate timely monitoring and response. This increased agility enables organizations to adapt swiftly to market changes and challenges.

The following section sheds light on how professionals perceive their organization's agility, illustrating the potential benefits of implementing a higher reporting frequency in navigating the dynamic market landscape.

Perceived organizational agility

The respondents' perceptions regarding their organization's agility are varied and noteworthy. A considerable proportion (41%) views their organization as commendably agile, reflecting a strong attribute in their operational framework. Conversely, a smaller yet significant fraction (25%) acknowledges a perceivably low level of agility within their organization, highlighting a discernible need for improvement.

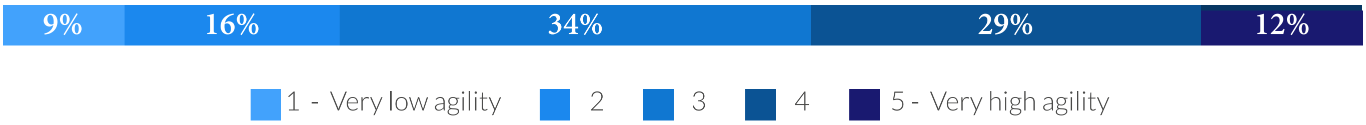


Figure 35. *Organizational agility*

The respondents' perception of their organizational agility varies significantly across industries, while the overall average score is 3.19. Among all industries, the energy sector stands out with the highest perceived level of agility, achieving a notable score of 3.63. Conversely, the Food, Beverages & Tobacco industry shows the lowest level of agility, with a score of 2.86.

Figure 36. *Organizational agility across company size, the average scores from 1 to 5*

Smaller companies, with 1-10 employees, perceive themselves to possess the highest level of agility, scoring an average of 3.39. On the other hand, larger organizations with over 10,000 employees score the lowest in perceived agility, with an average score of 3.05.

This trend indicates that smaller companies leverage their inherent flexibility, contributing to their higher perceived agility. In contrast, larger organizations encounter challenges in maintaining agility due to increased complexities associated with their size.

In relation to the frequency of the organizational performance review, it is noticeable that 3% of our respondents claim to discuss performance on a daily basis, and 40% of them rated their organization as highly agile, compared to other groups in which performance discussions frequency range from weekly to yearly, and only 11% of the respondents, on average, declared a very high agility of the organization.

From analysis to action 06

Recommendations for best practices

1 Map and support strategic planning processes with procedure and implementation guidelines

The study revealed that a significant portion (39%) of organizations that use a formal strategic planning process do not adhere to any specific methodology during the planning phase. Moreover, one prominent challenge identified by 26% of respondents is the establishment of a regular, formal, and methodical strategic planning process. This lack of a structured approach can lead to inconsistencies and gaps in the planning process.

By implementing a formal strategic planning methodology, organizations can establish **a clear framework that guides the planning process** from start to finish. For organizations operating in fast-paced industries, it is more challenging to design a strategic planning cycle that effectively balances both the long-term and the short-term perspectives. While annual corporate planning has been the norm for decades now, successful companies rely on monitoring market movements and trends closely to be able to adapt even on a quarterly basis. This structured approach ensures that all relevant aspects are considered, preventing crucial elements from being overlooked and contributing to a more thorough and effective strategy. Moreover, having a defined methodology fosters better communication and understanding among teams, bolstering alignment and collaboration throughout the organization.

2 Formulate and adjust strategy based on thorough research

Formulating the corporate strategy must be done based on factual data, and various factors impacting its execution must be considered. More than ever, organizations need to acknowledge the complexity and unpredictability of the modern business landscape and aim to create strategies that are flexible, adaptive, and well-informed. The survey data shows that a substantial 86% of respondents identify

economic factors as the primary driver for strategy reviews outside the usual process. Moreover, the insight that 43% of companies adjust their strategies due **to new market opportunities** highlights the importance of a systematic approach to identifying and evaluating these circumstances.

For external analysis, frameworks like **PESTEL and Porter's Five Forces** are used with data gathered from research into industry trends to provide a detailed picture of the market and the organization's external business environment. Furthermore, delving into **strategic foresight methodologies**, such as monitoring emerging shifts, analyzing megatrends, and exploring alternative futures strengthens the development of a robust strategy that can adeptly adjust to a wide range of potential scenarios. Internally, historical key performance indicators (KPIs) and operational data should be reviewed alongside a **SWOT/TOWS analysis** that integrates both external and internal viewpoints.

3 Enhance strategy alignment with organizational needs

Leaders must strive for a high level of agreement among stakeholders regarding the effectiveness of strategic planning efforts in meeting organizational requirements. The study shows that while 44% of respondents expressed agreement with the effectiveness of strategic planning practices, a noteworthy portion (17%) still felt disconnected from business needs. This underscores the importance of strengthening alignment mechanisms.

Engaging cross-functional teams and involving various levels of the organization in the planning process ensures that a broader range of perspectives and insights are considered. Additionally, closely **monitoring market trends and seeking input from stakeholders** will enable organizations to adapt their strategies in response to changing external factors.

4 Enable clear objective-measurement alignment and impact visibility

The insights from the study highlight the challenges organizations face in terms of observing present initiatives' impact on respective goals, measurable objective clarity, and precision. The reported 12% agreement that it's easy to observe project impact indicates that a significant portion of professionals struggle to understand how their efforts contribute to broader strategic objectives. Additionally, the 18% disagreement with measurable objective clarity underscores the need for developing a comprehensive framework that explicitly **links objectives to measurable KPIs.**

Visualization tools such as **strategy maps** provide a clear visual representation of **how projects and efforts align with strategic goals**. This enhances stakeholder understanding, ensuring that everyone can easily see the direct impact of their work on the organization's overarching strategy.

5 Foster effective communication and awareness of the strategy

The disparity in strategy awareness across hierarchical levels, as revealed by the study, highlights the importance of comprehensive **strategy education**. Holistic **strategy workshops** that include participants from all levels of the organization create a shared learning environment. These workshops can explore strategic pillars, goals, and initiatives in depth, encouraging **cross-functional discussions and idea sharing**. By involving executives, middle and lower management, as well as employees, organizations can bridge the awareness gap and promote a more inclusive understanding of their strategic direction.

6 Implement a sound Performance Management System

Amid the rapid pace that today's businesses must keep, the adoption of a Performance Management System (PMS) has become imperative. To navigate contemporary business challenges, companies should set explicit performance criteria, closely monitor advancements, and link individual and team initiatives with broader organizational objectives. A comprehensive PMS significantly heightens the perceived significance of KPIs, nurturing responsibility and openness.

As reflected by the study, 57% of organizations utilize a standardized PMS, with methodologies such as the Balanced Scorecard (BSC) and Objectives and Key Results (OKRs) being the most prominent choices. Organizations using the BSC methodology perceive their KPIs to be highly relevant (52%). Conversely, within the entities lacking a PMS (26%), those utilizing KPIs find them to hold minimal or extremely limited relevance to their business objectives (86%).

Once again, this highlights the need for a **structured framework for setting, monitoring, and evaluating performance.** Regardless of the chosen methodology, companies should prioritize the **customization of KPIs** to suit their specific business context. Generic KPIs might not accurately reflect the intricacies of each organization's goals and strategies. To ensure ongoing relevance and alignment, it's important for companies to **regularly review their chosen methodology, metrics, and overall performance measurement approach**. This review should involve key stakeholders, including senior leadership, department heads, and employees directly involved in the execution of strategies.

7 Strengthen proficiency in KPI selection

The skillful utilization of KPIs holds the potential to reshape an organization's culture and values. Above all, KPIs facilitate conversations about performance and empower decentralized decision-making processes.

However, as revealed by the study, selecting the right KPIs is a challenging task that necessitates careful planning, analysis, and collaboration across various departments. Further on, insights reveal a significant correlation between the perceived relevance of KPIs and proficiency in selecting them. Professionals who perceive their KPIs to be of low relevance also rate their KPI selection capabilities at a low level.

This emphasizes the importance of **investing in skills development and knowledge acquisition**

related to KPI selection. As such, organizations should provide **training and resources** that enhance employees' capabilities in choosing relevant and impactful KPIs. By improving KPI selection proficiency, organizations ensure that their chosen metrics accurately track their strategic objectives, leading to improved performance outcomes and a stronger alignment between measurement and strategy.

8 Enhance KPI alignment and cascading

The study's observation that aligning KPIs and targets across the organization has persistently posed a primary challenge for two consecutive years reveals a complex issue that many businesses face. This challenge often stems from factors such as unclear business strategies, functional silos, and communication breakdowns, which hinder the seamless integration of KPIs and targets across departments and teams. Additionally, the dynamic nature of markets and evolving priorities can further complicate this alignment process. Moreover, inadequate data utilization and technology, coupled with employee disengagement and resistance to change, contribute to the prolonged struggle to achieve alignment.

To address this persistent challenge, business leaders can implement a practical approach by first **conducting a comprehensive review of the existing KPIs and targets** to ensure relevance and coherence with overarching business objectives. Subsequently, **fostering cross-functional collaboration through regular interdepartmental meetings and workshops** can facilitate consensus-building and the refinement of KPIs, promoting a unified understanding of goals. Furthermore, leaders should prioritize the **effective communication** of the strategic rationale behind chosen KPIs to foster employee buy-in and motivation. Lastly, the **continuous monitoring and periodic reassessment of KPIs** in alignment with dynamic market conditions and organizational shifts will ensure the longevity of successful alignment efforts.

9 Amplify the transparency of target-setting processes

A strong and meaningful target-setting process is critical to an organization's success because it acts as a navigational light, guiding all aspects of the organization's operations toward achieving its overall objectives. Such a process ensures that the organization's efforts are focused, purposeful, and aligned with its strategic vision. Setting targets that are closely related to the business's goals facilitates effective resource allocation and drives attention toward initiatives that contribute to growth and sustainability.

Nonetheless, as revealed by the study, this process is far from simple, hampered by three distinct groups of obstacles: challenges associated with data, impediments concerning stakeholder engagement, and issues pertaining to alignment. To address these hurdles, organizations should take a multifaceted approach. First, **invest in data collection and analysis capabilities** to overcome data-related challenges. Second, establish transparent processes that **involve internal stakeholders in proposing and committing to targets**, fostering a sense of ownership and accountability. Lastly, ensure that target alignment is achieved through **regular communication and coordination** among departments.

10 Embrace technology for performance management

Rapid communication and prompt decision-making, crucial components of successful strategy execution, rely on the availability of instant data access. Business Intelligence (BI) tools are indispensable for facilitating agile strategy implementation, holding a central position in functions like project management, performance assessment, reporting, and communication. The **integration of varied systems** and the **assurance of widespread data availability** significantly elevate employee autonomy and foster well-informed decision-making.

This should continue to be a critical focus area, as underscored by this study, which found that a significant percentage of respondents (65%) do not utilize software solutions for KPI management. One of the most accessible and convenient tools for data gathering and KPI reporting is a **dedicated BI platform** that offers user-friendly interfaces that allow one to connect to various data sources, transform and visualize data, and create interactive reports and dashboards.

11 Foster leadership commitment and cross-functional collaboration

The absence of robust top management support during the implementation of a PMS can substantially undermine its effectiveness. Leadership assumes a central role in driving successful strategy execution. Their endorsement not only strengthens the uptake of performance enhancements but also facilitates the smooth implementation of strategies, ensuring a seamless and efficient process.

It's not surprising that the primary reason for the failure of strategy implementation, as cited by 44% of participants in the study, is the lack of support from leadership. Organizations should focus on **fostering a culture of strong leadership support** by clearly communicating the strategic vision, objectives, and rationale throughout all levels of management. Leaders need to **champion the strategy**, demonstrate their commitment, and actively engage in driving its implementation. Additionally, given that ineffective cross-functional collaboration is a significant challenge in executing strategy (according to 39% of respondents), organizations should establish formal mechanisms to facilitate collaboration among departments.

12 Augment project management capabilities

A quarter of the surveyed professionals express limited project management capability, even though practical utilization of project management tools like project plans, project dashboards, and initiative portfolios is evident. As businesses navigate complex and dynamic landscapes, the ability to meticulously plan, execute, and monitor strategy becomes paramount. The strategy execution system should rely on a series of **tools and processes** specific to the implementation of strategic objectives and projects. **Quality management, process management, budgeting, project and portfolio management, risk management, and innovation** are some of the core processes that should be integrated.

Organizations should **invest in comprehensive training programs** to enhance the skill set of project managers and teams. They should also **implement robust project management tools and software** to streamline planning, tracking, and reporting, facilitating real-time visibility and informed decision-making. Consequently, investing in augmenting project management capabilities is an investment in overall operational excellence, enabling businesses to deliver consistent results, maximize stakeholder satisfaction, and maintain a sustainable growth trajectory.

13 Prioritize and link initiatives to strategy

Linking initiatives to strategic KPIs and objectives is a fundamental prerequisite for strategy execution. This process involves establishing a direct and coherent connection between what the company intends to achieve (goals and objectives), how it has defined the success of performance (KPIs and targets), and what it does to close the performance gap (initiatives). This alignment should serve as a strategic compass, ensuring that every effort, resource allocation, and decision made within the organization is purposefully directed toward fulfilling its strategy and vision.

The study indicates that a mere 21% of organizations exclusively depend on data and facts for prioritizing initiatives, whereas in 46% of instances, an approach merging executives' business instincts and assumptions with data and facts is employed. To add more empirical evidence to the decision-making process, organizations should implement **a balanced initiative prioritization approach**. This encompasses utilizing **portfolio management tools**, establishing an initiative portfolio to consolidate ongoing projects throughout the organization, utilizing initiative documentation forms and progress reports, and adopting standardized templates in initiative management to **enhance communication, reporting, and decision-making processes.**

14 Drive strategy execution through disciplined strategy review and performance review meetings

Distinguishing between strategy review meetings and performance review meetings is essential for effective strategy execution because each type of meeting serves its own distinct purpose in guiding an organization toward its goals. **Strategy review meetings** provide a high-level perspective, enabling leaders to assess the alignment of their overall strategic direction with changing market conditions and opportunities. **Performance review meetings**, on the other hand, focus on the granular details of project execution, tracking progress, and ensuring that individual initiatives contribute effectively to the larger strategy. Incorporating both types of meetings in strategy execution is equally crucial.

Strategy review meetings should be conducted on a regular and formal basis. They typically involve senior leadership and key stakeholders and often lead to decisions regarding the allocation of resources, the addition or removal of initiatives, and the refinement of the strategic roadmap. The frequency of these reviews can be different depending on the maturity of the organization (start-up versus long tenure on the market) and the industry pace. At the very least, there should be an annual—if not more frequent—strategy review.

Conversely, it is advisable to **conduct performance review meetings on a regular basis** (monthly) at both the departmental and organizational levels, using standardized templates for documenting corrective actions and improvement initiatives. Establishing a sound team to follow up and monitor all action items to close performance gaps for corporate KPIs and developing a strong project management capability are key elements for effective strategy implementation.

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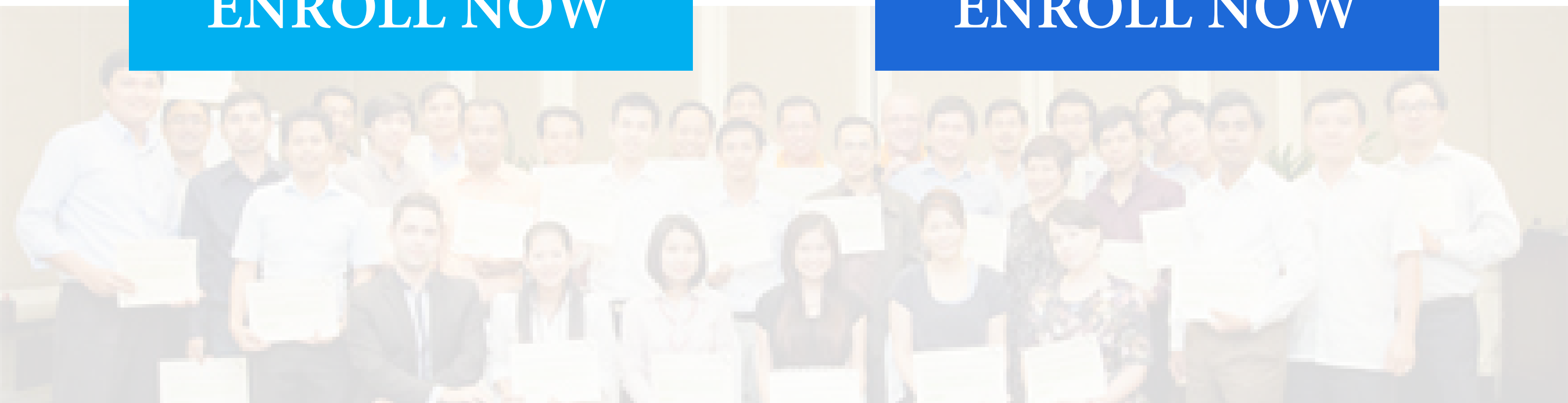

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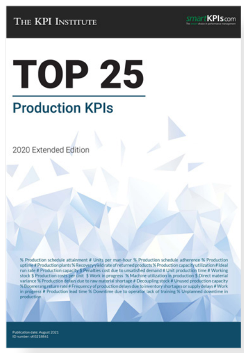

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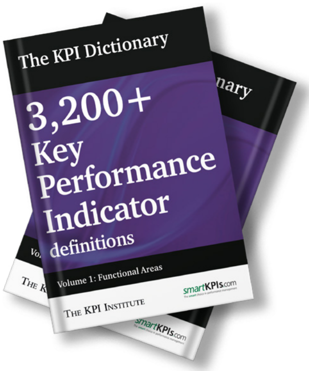
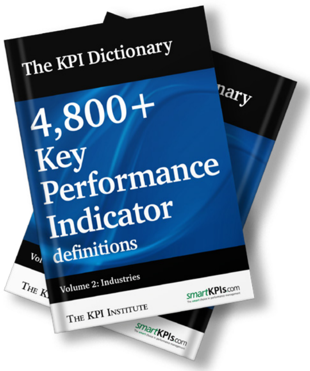


The KPI Dictionary Volume 1 Functional Area



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