Holding Strategy Steady Through Growth

Idea In Short

Companies rarely lose their strategy in one bad decision. They lose it in hundreds of reasonable ones, each made under pressure to respond to a competitor, a customer request or a new executive's preferences. The fix is not another strategy offsite. It is a small set of operating disciplines: a one-page articulation of what the business will and will not do, explicit guardrails around markets and products, a fixed allocation of capacity between core, adjacent and exploratory work and a quarterly session that checks whether recent decisions still match the stated direction. Leadership teams that install these disciplines before drift sets in avoid the multiyear, costly correction that comes from waiting until performance forces the issue. The recommendation is straightforward: treat strategic focus as an operating routine, not a document written once and filed away.

Growth is supposed to be proof that a strategy works. Revenue climbs, headcount rises, new logos appear on the customer list and boards read all three as confirmation that the underlying direction is sound. Yet many companies reach a point where more growth produces less clarity, not more. A business that once made decisions quickly starts to feel scattered. Explaining the original strategy becomes harder precisely when the company has more resources than ever to execute it. Figuring out why that happens and what to do about it, matters more than most growth playbooks acknowledge.

Growth's Hidden Tax on Clarity

Strategic drift almost never shows up as a single, identifiable mistake that a board could point to after the fact. It builds through a long sequence of choices that each look reasonable in isolation.

A rival ships a feature the product lacks, so engineering builds a version of it. A newly hired executive arrives with a different vocabulary for describing the mission and the language shifts. Each of these moments prompts a small, defensible adjustment and no single one threatens the company. Over quarters and years, though, the adjustments compound. The organization does not fail. It becomes less coherent, harder to align and slower to explain to a new hire in one sentence.

This compounding effect is what strategic drift describes:

> the widening distance between where a company is actually heading and where it originally intended to go

It develops inside momentum, which is exactly what makes it hard to see. Results can keep improving in the short run. Even so, the ability to state plainly what the company will and will not do keeps eroding with every reactive call. PwC's global CEO research puts a number on the anxiety this creates at the top. Nearly half of chief executives surveyed said they do not believe their company will remain viable in a decade on its current path. That figure has climbed, not fallen, in recent years.1

Signs Leadership Misses Until It Is Too Late

Companies drifting away from their stated strategy tend to display a recognizable set of symptoms well before anyone in the leadership team is willing to name the cause. Four patterns are worth tracking on purpose rather than waiting to notice them by accident.

- Departments pulling in different directions because teams fill gaps in an unclear or inconsistently repeated strategy with their own interpretation
- Decisions stalling not from missing information but from the absence of an agreed framework for weighing trade-offs
- A brand that cannot state a distinct position because the product or service now serves too many different buyers at once
- New hires who cannot repeat the strategy back a few months after joining, a reliable signal that the direction has become too diffuse to transmit through normal onboarding

Underneath those visible symptoms sits a more structural shift:

activity has quietly replaced direction as the operating principle

Leaders spend their attention reacting to what already happened rather than shaping what happens next and teams work long hours without a shared destination to point that effort toward.

The gap between stated direction and daily execution tends to open long before financial results reveal it. Harvard Business Review's research on strategic alignment found something sharper. Actual alignment among employees, managers and executives ran two to three times lower than what leadership believed it to be, even in companies where the top team felt confident everyone understood the plan.2 The people closest to daily operations often have the least visibility into drift. Immediate priorities dominate their attention and short-term results feel more real than long-term trajectory. Spotting drift takes deliberate distance from the operational flow and routine management cycles rarely build that distance in.

Three Roads That Lead Away From Focus

Several distinct patterns push growing companies toward this condition and nearly all of them start from good intentions rather than carelessness.

Chasing Adjacent Markets

A company built to serve one customer segment discovers that a neighboring segment has similar needs and reachable revenue attached to it. Serving the second segment requires a handful of adjustments to the product or the pitch. A third segment requires a few more adjustments on top of those. Before long the company's positioning has softened enough to fit several different audiences at once. The original segment stops getting the focused attention that made the company valuable to it in the first place. Bain's long-running research into what it calls the founder's mentality identifies this exact pattern. It traces how fast-growing companies lose the sharp customer focus that fueled their early growth, once expansion becomes the default answer to every plateau.3

Expanding the Product Line

Customer requests accumulate on their own timeline and each one sounds small when it arrives. Individually, most of them are small. Collectively, every addition brings its own maintenance burden, its own edge cases and added complexity for the teams responsible for shipping reliably. The roadmap grows into something closer to a wish list than a plan. The core offering loses the definition that once made it easy to describe in one sentence. Expansion into genuinely adjacent markets has produced real growth for plenty of companies over the years. The trouble starts when expansion turns opportunistic instead of strategic. It then accumulates into a portfolio of activities that no longer reinforce a shared direction.

Leadership Transitions That Reset the Compass

New executives arrive with their own words for what the company is trying to accomplish, their own emphasis and their own priorities. None of that is unreasonable on its own. Over several transitions, though, the original vision gets reinterpreted enough times that it stops resembling what the company originally set out to build. None of the individual executives intend to cause drift; they are adapting to real conditions and contributing real judgment. Without a clear mechanism for preserving continuity across those transitions, though, each round of change adds another layer of interpretation. The layers pile up into a strategy nobody wrote down in the first place.

The Levi Strauss Lesson

Levi Strauss offers one of the most thoroughly documented illustrations of how this accumulation plays out over a full business cycle. Through the 1980s and 1990s, the company expanded fast into new product categories and retail formats to chase growth. It moved away from the tightly focused denim positioning that had made the brand dominant. Harvard Business School's case study on the period, subtitled a pioneer lost in the wilderness, traces how that expansion fragmented manufacturing, diluted the brand and strained operations across the business.[4]

By the early 2000s, the toll was visible in hard numbers. Company revenue fell from a 1996 peak of $7.1 billion to $4.1 billion, marking six consecutive years of declining sales and Levi Strauss eventually shut down its remaining U.S. and Canadian manufacturing plants entirely, ending a domestic production operation that had defined the brand for generations.[5]

None of the individual expansion decisions were irrational

The company spent much of the following decade contracting deliberately, cutting product lines and focusing back on what it had originally done well. No single expansion decision inside that multiyear stretch looks unreasonable on its own terms. But the accumulated effect, made without a clear filter for what the brand would and would not stand for, produced a drift that took roughly a decade to reverse. The reversal itself required the kind of painful plant closures and job losses that a sharper filter, applied earlier, might have avoided.

Building Disciplines That Hold

Addressing drift starts with making the strategy concrete enough to test a decision against. It should not be a slogan that just sounds right in a town hall.

Write the Strategy on One Page

A useful starting point covers three things in plain language:

the specific problem the company solves and exactly for whom, what makes that solution genuinely different from the alternatives and the explicit boundaries defining what the company will not do this year

If a leadership team cannot write this down on one page in plain sentences, the strategy will not hold up the first time it meets a tempting new opportunity.

Set Guardrails, Not Just Goals

Growth targets tell a team what to chase, but guardrails tell a team what to decline and a company needs both. Defining the markets the company will not enter, the features it will not build and the customers it will not chase creates a filter. That filter makes trade-offs visible instead of invisible. Every new investment should require documenting what gets delayed or stopped to make room for it. That rule creates a forcing function and it keeps low-priority work from piling up quietly in the background.

Allocate Capacity Deliberately

A handful of disciplines help organizations hold strategic focus at scale and capacity allocation is the most concrete of them.

1. Assign explicit percentages of capacity to core, adjacent and exploratory work, with roughly 70 percent on the core business, 20 percent on adjacent opportunities and 10 percent on exploration as a common starting pattern, adjusted to where the company actually sits in its development
2. Track leading indicators of drift instead of waiting for financial results to reveal it, including the share of roadmap items tied to strategic themes, the ratio of ideal customer deals to total deals closed and the volume of exceptions that bypass standard decision processes
3. Build a quarterly recalibration rhythm where leadership reviews what changed since the last session, which of those changes were intentional and which were reactive, without requiring the session to produce an entirely new strategy

McKinsey's research on corporate resource allocation found that companies willing to reallocate capital actively across business units earned meaningfully higher shareholder returns over a fifteen-year period. Companies that left allocations largely static, defaulting to whatever each unit received the year before, lagged behind.6 Organizational inertia, not a shortage of good options, was the primary obstacle the researchers identified. That finding lines up closely with how strategic drift actually behaves inside a growing company.

Balancing Exploitation and Exploration

Part of what makes strategic focus difficult to sustain during growth is that a company genuinely needs to do two different things at once. It has to keep improving what already works while also exploring what might work next. Those two jobs call for different mindsets, different timelines and, often, entirely different teams.

Companies that overinvest in improving the current model become efficient, but they stagnate. Companies that overinvest in exploration generate plenty of ideas, but they lack the operational stability to execute any of them consistently. That tension between improvement and exploration is real and it does not resolve itself through good intentions or an inspiring mission statement. Leadership has to manage it through explicit allocation of attention and money, staying willing to hold both priorities at once rather than letting one quietly absorb the other.

This is the actual discipline behind a growth strategy that holds together over time. Every yes to a new direction carries an implicit no to something else the organization could have done instead. The companies that scale without losing their way make those trade-offs explicit, write them down and revisit them against evidence rather than enthusiasm at the next planning cycle.

Strategic focus does not maintain itself once a company reaches a certain size or a certain valuation. It requires active upkeep through the decisions leaders make, the metrics they choose to track, the requests they decline and the work they deliberately stop doing. Companies that build these habits into their regular operating rhythm treat alignment as an ongoing responsibility, not a founding principle they can assume will hold on its own. That difference shows up clearly in which companies can still describe themselves the same way a decade later.

- 1Almost half of CEOs doubt their business will survive a decade
- 2Is your company as strategically aligned as you think it is
- 3Founder's mentality research
- 4Levi Strauss (A): A pioneer lost in the wilderness
- 5Levi Strauss shuts all U.S. plants
- 6How to put your money where your strategy is

Summary

Strategic drift builds through an accumulation of individually sensible decisions rather than one visible failure, which is exactly why it escapes notice until growth stalls or margins compress. Adjacent-market expansion, product-line sprawl and leadership turnover are the three most common accelerants and Levi Strauss's costly retreat from its own denim business in the late 1990s remains the clearest illustration of how far the drift can travel

before anyone corrects course. Reversing it, or better, preventing it, comes down to four habits: writing the strategy in language specific enough to reject options, setting guardrails around what the company will not pursue, allocating capacity across core, adjacent and exploratory work on purpose and reviewing the gap between intention and behavior every quarter rather than every few years.