

BEYOND THE LEDGER

The Bridge That Was Never Built: Why the Portfolio Rarely Delivers the Strategy

A Practitioner's Perspective on Turning Strategy into Portfolio in Large Organisations



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Portfolio · No. 17

Originally written December 2006 | Re-edited and re-rendered for the WhereBeyond Edition, 2025

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1. Executive Summary

Every strategy document ends with an implicit promise: that the portfolio of programmes and projects beneath it is the machinery through which the strategy will actually be delivered. In my experience the promise is rarely kept. The portfolio, in most large organisations, is not an engine of strategy execution. It is a ledger — an accumulated record of everything that has been approved, funded and allowed to continue, connected only loosely to the strategic intent it was meant to serve.

This essay sets out to explain that gap, and to argue that the portfolio's potential as the single most powerful instrument an organisation possesses for converting intent into outcome remains almost wholly unrealised. The problem is not a shortage of technique. Prioritisation matrices, scoring models and stage-gate reviews are plentiful, and organisations have grown steadily more sophisticated at producing them. The problem is structural. The way portfolios are funded, governed, owned and measured pulls them, year after year, away from strategy and towards inertia. Until those forces are named, better tools will keep producing the same disappointing result: a portfolio that is busy, expensive, and strategically mute.

A strategy is only ever as real as the portfolio that funds it. The vision, the narrative, the board approval — all of that is intention. The portfolio is where intention meets money, people and time. It is also where most strategies quietly go to die.

2. The Promise Encoded in Every Strategy

When a leadership team commits to a strategy, it is really committing to a redistribution of finite resource. To pursue new markets, or to defend an existing one, or to rebuild an ageing operating platform, is to say that money and talented people will flow towards some things and away from others. The strategy names the destination. The portfolio is supposed to be the vehicle.

This is the quiet promise embedded in the very idea of a portfolio: that somewhere between the strategy on the boardroom wall and the hundreds of individuals doing daily work, there exists a coherent mechanism that translates the one into the other. A mechanism that decides what gets funded and what does not; that starts the initiatives the strategy requires and stops the ones it has outgrown; that continuously rebalances the organisation's investment as conditions change and as evidence arrives.

Framed that way, the portfolio is not an administrative artefact. It is the most consequential decision-making system in the enterprise. More consequential, in truth, than the strategy itself, because a strategy that is never funded is merely an essay, while a portfolio delivers outcomes whether or not those outcomes were ever intended.

And yet the gap between this promise and the lived reality is vast. I have watched capable organisations articulate a sharp, defensible strategy and then, when one turns to the portfolio that is meant to deliver it, find something almost unrecognisable — a sprawl of initiatives whose collective logic no one can quite explain, many of them predating the current strategy, several of them actively pulling in contrary directions. The strategy and the portfolio, which ought to be two views of the same thing, have become strangers.

3. What the Portfolio Actually Becomes

To understand why, it helps to describe honestly what a portfolio becomes over time in the absence of deliberate counter-pressure. It becomes an accumulation.

Initiatives enter the portfolio through a hundred doors. Some arrive as the direct offspring of strategy. Many more arrive for reasons that have nothing to do with it: a regulatory obligation that must be met, a senior sponsor's personal conviction, a supplier's contract renewal, an operational fire that needed a project wrapped around it, a good idea that happened to find a budget line in a quarter when money was loose. Each entry is individually defensible. The aggregate is incoherent.

Crucially, initiatives almost never leave. An organisation has a dozen well-worn processes for starting work and almost none for stopping it. Once an initiative is under way it acquires a sponsor, a team, a set of commitments already made to others, and a sunk investment that everyone is reluctant to write off. Stopping it feels like an admission of failure; continuing it feels like prudence. So it continues, often long after the strategic rationale that justified it has evaporated.

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The result is a portfolio governed by addition. Each year brings a fresh layer of initiatives laid over the ones already present, like sediment. The strategy may change annually; the portfolio changes only at the margins. What one is left with is not an expression of current intent but a geological record of every intent the organisation has held over the past several years, with the oldest and least relevant strata often consuming the most resource, because they are the largest and most entrenched.

- A portfolio built by addition rather than by choice will always drift towards the average of every decision ever made, not the sharpness of the decision being made now.
- The initiatives most closely tied to today's strategy are usually the youngest, the smallest, and the most easily starved when resource is tight.
- The initiatives least tied to today's strategy are frequently the largest and best defended, precisely because they have had the most time to entrench.

This is the unglamorous truth beneath the elegant prioritisation frameworks. The framework assumes a clean sheet on which the organisation rationally allocates against strategy. The reality is a crowded, defended, path-dependent inheritance in which genuine reallocation is the exception, and continuation is the default.

4. The Structural Forces That Sustain the Gap

If this were simply a matter of insufficient discipline, it would have been solved long ago; discipline is not in short supply among the people who run large organisations. The gap persists because it is held open by structural forces that operate largely below the level of anyone's intent. Four of them recur with such regularity that I have come to regard them as the real subject of portfolio management.

4.1 The gravitational pull of the annual cycle

Most organisations fund their portfolios through an annual budget round. Once a year, in a compressed and politically charged window, business cases are assembled, cases are argued, and money is allocated for the twelve months ahead. The rest of the year, the allocation is essentially frozen.

This cadence is convenient for financial control and disastrous for strategy execution. Strategy does not arrive once a year on a fixed date; opportunities and threats emerge continuously, and evidence about which initiatives are working accumulates continuously. But the mechanism that would let the organisation respond — reallocation of funding — is available only in a narrow annual window, and even then the conversation is dominated by next year's new bids rather than a candid reassessment of what is already running. The portfolio is therefore always executing a strategy that is, on average, six months out of date, and often much more.

4.2 The absence of a stopping mechanism

I have already touched on this, but it deserves to be named as a structural force in its own right, because it is the single most important one. Organisations invest enormous care in the decision to start an initiative, with business cases, approval gates and investment boards. They invest almost nothing in the decision to stop one. There is rarely an owner whose explicit job is to identify initiatives that should be killed, rarely a forum whose purpose is to make stopping decisions, and rarely any reward for the person who proposes that their own programme be wound down.

The deeper problem is cultural as much as procedural. Stopping an initiative is read, almost everywhere, as failure rather than as good husbandry — a verdict on the sponsor's judgement rather than evidence of a portfolio doing its job. So sponsors defend the indefensible, and colleagues, reading the same code, decline to challenge them. The rational individual response, repeated across hundreds of people, produces a collectively irrational portfolio in which almost nothing is ever knowingly killed. To install a stopping mechanism is therefore not merely to add a process; it is to make the deliberate winding-down of a still-healthy initiative a respectable act rather than a shameful one.

A portfolio without a credible stopping mechanism cannot execute a strategy, because executing a strategy is at least as much about what you cease to do as about what you begin. Capacity is finite. Every pound and every capable person tied up in a legacy initiative is unavailable to the strategy of the moment. The organisation that cannot stop things cannot, in any meaningful sense, choose.

4.3 The divided ownership of intent and delivery

In most large organisations, the people who own the strategy and the people who own the portfolio are not the same people, and they do not share the same language. Strategy sits with an executive cadre and, often, a strategy function that thinks in terms of markets, positioning and multi-year ambition. The portfolio sits with a delivery community — a programme office and a set of sponsors and delivery leaders — that thinks in terms of milestones, resource and risk.

Between these two worlds there is usually a translation gap, and translation gaps leak meaning. The strategy is handed over as a set of themes; the portfolio interprets those themes into initiatives; and no single role holds accountability for whether the resulting portfolio actually amounts to the strategy. Each side can point to the other. The strategists feel they have set the direction; the delivery community feels it is faithfully delivering what it was given. Both can be right, and the strategy can still fail to be executed, because the connective accountability — the responsibility for the fidelity of the translation itself — belongs to no one.

4.4 Measuring motion instead of movement

Finally, and perhaps most corrosively, portfolios are measured in the wrong currency. The reporting that flows upward from a portfolio is overwhelmingly a report on activity: how many initiatives are in flight, how much has been spent, how many milestones have been hit, how many are on track against plan. This is a measure of motion. It says nothing about movement — about whether the organisation is any closer to the outcomes the strategy demanded.

An initiative can be perfectly on time, on budget and on scope, and contribute nothing to the strategy, either because the outcome it was designed to deliver is no longer valuable or because it was never well connected to strategy in the first place. Activity reporting cannot see this. It rewards the initiative that runs smoothly over the initiative that matters. And because what gets measured shapes what gets managed, a portfolio measured by activity will optimise itself for smooth activity — for keeping things running — rather than for the uncomfortable, disruptive reallocations that strategy execution actually requires.

Portfolio as ledger	Portfolio as engine
Grows by addition; initiatives rarely leave	Held to a fixed capacity; starting something means stopping something
Funded once a year, then frozen	Funded continuously as evidence arrives
Owned by delivery, briefed by strategy	Owned end to end against strategic outcomes
Measured by activity and spend	Measured by movement towards intended outcomes
A record of every past intent	An expression of present intent

5. What Execution Would Actually Require

If these are the forces that hold the gap open, then closing it is not a matter of adopting a better scoring model. It is a matter of redesigning the portfolio so that it behaves like an engine rather than a ledger. In my experience that requires a small number of hard changes, each of which cuts against a deeply established habit.

It is worth being clear about what this does not mean. It does not mean more governance; most portfolios are already over-governed, in the sense of over-reviewed and under-decided. Adding another board or another gate to a portfolio that cannot stop anything simply produces more elaborate reporting on the same inertia. The changes that matter are not additions to the machinery of oversight but alterations to the underlying rules of the game — how capacity is bounded, how continuation is decided, how funding moves, who is accountable, and what is measured.

1. Treat capacity as fixed and force genuine trade-offs. The single most powerful discipline is to cap the portfolio's total capacity and refuse to breach it. When capacity is fixed, starting a new initiative requires stopping or shrinking an existing one, and the organisation is compelled to make the reallocation decisions it otherwise avoids. An uncapped portfolio never has to choose; a capped one cannot escape choosing.
2. Separate the decision to continue from the decision to start. Every initiative already in flight should have to re-earn its place on the same terms as a new bid, and it should do so more than once a year. Continuation must become an active decision rather than a passive default. This is the stopping mechanism the portfolio lacks, expressed as routine rather than as a rare and painful event.
3. Fund in shorter cycles against evidence. Replacing a single annual allocation with more frequent, lighter reallocation points allows the portfolio to respond to strategy and to evidence as they actually move. The aim is not constant churn but the ability to redirect resource when the case has genuinely changed — which, in a live organisation, is far more often than once a year.
4. Give someone accountability for the translation. There must be a role — not a committee, a role — whose explicit responsibility is the fidelity between strategy and portfolio: whether the sum of what is funded actually constitutes the strategy, and whether resource is flowing where the strategy says it should. Without a named owner of the translation, the gap will always be somebody else's problem.
5. Measure the portfolio in the currency of outcomes. As long as reporting is dominated by activity, management attention will follow it. The portfolio must be measured, however imperfectly, against the movements the strategy was meant to produce, so that an initiative delivering flawless activity towards a worthless outcome is visible as the failure it is.

None of these is technically difficult. All of them are politically difficult, because each one removes a comfortable ambiguity and replaces it with an accountable choice. That is precisely why they are so rarely done, and precisely why the potential remains unrealised.

The portfolio does not fail to execute the strategy because the organisation lacks tools. It fails because executing the strategy would require the organisation to stop things, to choose against sunk cost, and to name who is accountable — and those are the three things a portfolio built by accumulation is designed to avoid.

6. The Unrealised Potential

I began by calling the portfolio the most consequential decision-making system in the enterprise, and I want to end there, because the phrase is not rhetorical. Everything an organisation will actually do next year is, in effect, already encoded in its portfolio. The strategy describes what the organisation wishes to become; the portfolio determines what it will become. When the two diverge, it is always the portfolio that wins, because the portfolio is where the resources are.

This is why the unrealised potential matters so much. An organisation that closed the gap — that made its portfolio a live, capacity-bound, evidence-funded, outcome-measured expression of current strategy — would possess something rare: the ability to actually do what it had decided to do. Most cannot, and the cost is not usually a visible catastrophe. It is the slow, quiet tax of misallocation: capable people working hard on initiatives that no longer matter, strategy after strategy launched and never quite delivered, and a persistent, unexamined puzzlement in the boardroom about why the organisation seems so busy and moves so little.

The tools to change this have existed for years. What is missing is not method but the will to accept the discomfort that a real portfolio imposes — the will to stop things, to choose, and to be accountable for the choice. The portfolio remains, for most organisations, a promise made and not kept: the bridge between strategy and delivery, drawn on every plan, and built almost nowhere.