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# What is a cascading strategy and how to implement one?



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Article by  Tefi Alonso — Published November 3, 2022

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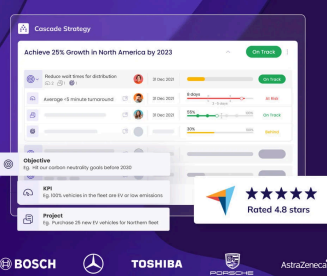
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# Overview of a cascading strategy

A cascading strategy is a way to create a strategic plan while distributing it internally. It's an ambitious but effective way to build alignment throughout the whole business. Leaders use it to align their people's daily activities with their strategy's top objectives.

With a cascading strategy, they ensure that everyone inside their organization knows the company's direction and moves in unison towards it. Let's see how you can apply it to improve your strategy execution.



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## What is a cascading strategy?

A cascading strategy is the distribution process of the overarching strategic plan

through a business aligning every team's activities at each level of the business. It's a process that promises strong strategic alignment and solid execution of the plan.

For example, [Hoshin Kanri is a method](#) that applies this approach. The larger the organization is, the harder it is to implement a cascading strategy approach successfully.

## How to successfully cascade your strategy

The most common way people successfully cascade their strategy is with the three-step process we'll describe briefly.

However, those three-steps sound like how a teacher would describe the making of a great career plan. It's inspiring, but nobody actually knows how to do it.

### The three-step process of cascading strategy

Here are the three steps that go into applying this framework.

1. Determine direct and indirect strategic alignment
2. Determine how you'll make cascading strategy decisions

3. Deal with outlier goals (goals that don't align with strategy)

### The three-step process of cascading strategy



Determine direct and indirect strategic alignment



Determine how you'll make cascading strategy decisions



Deal with outlier goals



**Direct and indirect alignment refers to direct or indirect contributions.** An objective that repeats creates direct contribution (and alignment). For example, if the objective is “Increase revenue by 70%,” every department and team with the objective “Increase revenue by X%” is *directly aligned*. However, suppose a cascading objective is adapted to reflect the different ways each team contributes. In that case, those teams are *indirectly aligned*.

**Cascading strategy decisions is a top-down process.** This whole approach relies on this exact principle: distributing objectives and delegating actions. In other words, the leadership team sets the objectives and team

members the projects that will lead to achieving those objectives. Decision-making remains consistent while cascading towards the other end of the reporting chain.

**Not all goals will fit into the strategy.** Sometimes objectives and projects don't align with your current plan. It's inevitable. For example, unexpected market events, changes in the competitive environment, or internal struggles tend to generate a few. That's why the cascading strategy approach includes a reviewing process. Decide how to deal with those outlier goals when you review your strategy.

These are all great in theory, but how do you actually apply the three-step process of cascading strategy?

Let's get into the specifics.

## **What to communicate top-down in a cascading strategy**

The first question people face when cascading a strategy is what is actually "cascaded." What information do you distribute top-down?

## What "cascades" in a cascading strategy

### 1. Direction

- Vision
- Values
- Focus Areas
- Timeline

### 2. Guidelines

Strategy as choices



 cascade

The answer is two things.

## 1. Direction

Once it's decided, nobody should doubt or challenge the direction that the organization is moving towards.

Even if that direction is wrong.

It's the leadership's duty to determine the destination and how to get there. It's why it "leads." Of course, people can argue, but in the end, the decision falls to the leaders' shoulders, and everyone else needs to commit to it. Besides, if the organization moves in unison and leadership pays attention, a wrong course will quickly reveal itself.

How do you communicate the direction of the organization?

By making sure everyone is aware of:

- Your organization's unique vision.
- Your organization's values and how they reflect in daily behavior.
- Your plan's Focus Areas.
- The timeline of your strategy

Don't try to sound clever or professional. Aim for unquestionable **clarity**.

## 2. Guidelines

Now that people are aware of the destination and have an outline of how to get there, they need guidelines, “rules” on how to navigate on a day-to-day basis.

These rules guide decision-making without limiting people's authority. The goal is to give people an approach to dealing with obstacles during the plan's execution. That approach needs to be consistent vertically and laterally. Help your employees make the right decisions by offering them a clear context.

That's the role of the guidelines.

The most effective way to provide a useful context with your cascading strategy is to frame your strategy as choices. Give your people a clear direction for their decisions. For example:

- What is our price position?  
Mainstream
- What is our service level?  
Bare minimum
- What is the range of products we sell?  
Only core products and one-offs

You don't have to make every decision for your people. But communicate your strategy's choices, and they will populate the plan with consistent objectives and measures.

## What are the challenges of a cascading strategy?

In theory, a cascading strategy is amazing. In practice, it fails to deliver the over-the-top alignment it promises.

Why?

For two reasons:

**Firstly**, because companies do not have effective processes for two-way communication. A cascading strategy requires strong bottom-up communication channels to be effective. Otherwise, the business strategy is never executed. Companies benefit from cascading their strategy when they also have efficient ways to move information and insights from the front line to higher levels of the organization.

**Secondly**, because the tools at their disposal are failing them. Spreadsheets and slides are not dynamic. It's humanly impossible to track changes and align all departments and teams using functions and multiple tabs. Even if your company has found a magical way to achieve this, following up and following through with the plan is hopeless.

## How to deal with the challenges of a cascading strategy

There's only one way to deal with the challenges of a cascading strategy. Build a culture around strategy and throw away your PowerPoint slides.

OK, that sounds like two things, but it's not.

Once you build a culture around strategy, you'll feel the need for better tools in your bones. Because in a culture that revolves around strategy, everyone has a close relationship with the plan. They visit the strategy daily and ensure their activities have a place in it. Progress is updated regularly, and everyone is aware of current progress. In short, strategy is executed.

Is that possible with spreadsheets and slides?

No. A culture built around strategy needs dynamic tools and constant exposure. How else would leaders have a clear overview of the strategy and know its progress instantly? Or how would employees focus on what

matters most and understand how their activities fit into the bigger picture?

A strategy-focused culture hates static documents and hard-to-access plans. It expects a place to visit strategy on-demand, a frictionless way to update it, and automated reporting. Only a strategy execution platform like Cascade delivers on these expectations.

## Lateral alignment: the secret to a successful cascading strategy

Cross-functional cooperation reinforces strategic alignment.

When they cascade their strategy, leaders' most common mistake is to cascade it vertically. In fact, business units that work together to build their plans are much more aware of the strategic priorities and the annual performance of their strategies.

For example, when the marketing team cooperates with the sales team to align on the KPIs, both teams are forced to acknowledge and align with the strategic priorities.

A successful cascading strategy aligns teams vertically and laterally.

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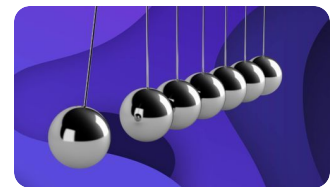
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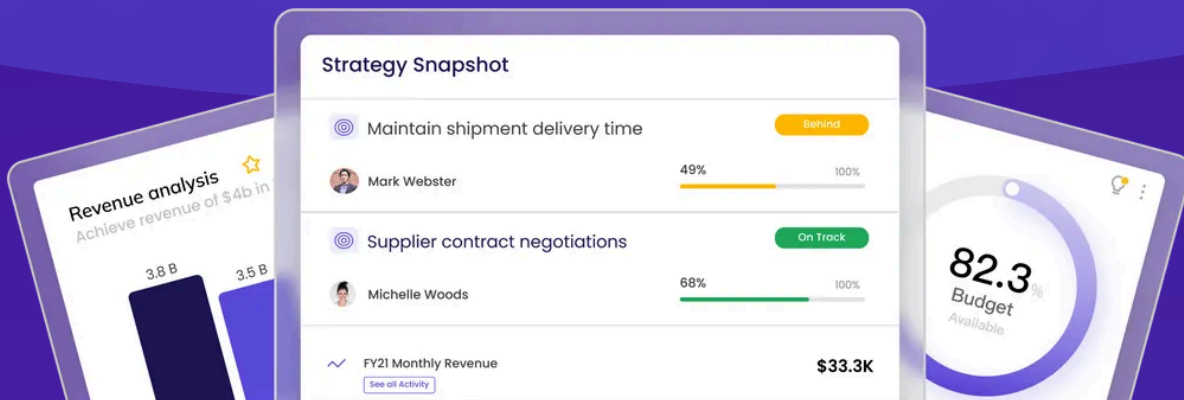
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