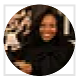
# What Are We Missing?

Organizations don't fail because the world changes. They fail because their institutional capacity cannot keep pace.



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No one enters a board meeting intending to make the wrong decision.

Months of work have led to this moment. The CEO stands at the front of the room, not to persuade the board, but to summarize a journey they have already taken together. The strategic plan resting neatly inside leather portfolios is neither new nor unfamiliar. Trustees have reviewed earlier drafts through committee meetings and executive sessions. The Finance Committee has challenged assumptions behind the projections. The Governance Committee has debated priorities and accountability. The Board Chair has spent hours with the CEO refining language, anticipating questions, and quietly gauging where support—and hesitation—might exist. Faculty, parents, students, alumni, and donors have contributed through listening sessions and surveys. Retreats have stretched into evenings. Difficult conversations have unfolded behind closed doors. More than once, the plan has been taken apart only to be rebuilt stronger than before.

Nothing about today feels rushed.

If anything, it feels earned.

The scent of fresh coffee lingers as trustees turn the final pages of the document before them. Handwritten notes fill the margins. Around the table there is noticeably less tension than there was only weeks before. The difficult conversations have largely taken place. Competing priorities have been negotiated. Revisions have been made. There is a quiet confidence that thoughtful people, acting in good faith, have done exactly what responsible governance requires.

The Board Chair looks around the room.

*"Are there any final questions?"*

No one speaks.

Not because every question has been answered, but because everyone believes the most important ones already have.

The motion is called.

Every hand is raised.

The strategic plan is approved unanimously.

Trustees gather their papers. Someone jokes that everyone has earned a vacation after months of planning. Conversations drift naturally toward implementation, enrollment, fundraising, and the promise of finally moving from planning to action. As people leave the room, there is every reason to believe they have done what faithful stewards of an institution are called to do.

No one leaves believing they have made the wrong decision.

Six months later, no one is talking about the strategic plan anymore.

Enrollment remains below projection. The path to financial sustainability has slipped another quarter into the future. Committee meetings have become increasingly tactical. Conversations once centered on possibility are now consumed by staffing, cash flow, deferred maintenance, and immediate operational pressures. The strategy has not disappeared. It has simply been overtaken by a reality no one fully anticipated.

After another finance committee meeting, as trustees gather their papers and conversations drift quietly into the hallway, someone asks the question that has been sitting beneath months of discussion.

*"What are we missing?"*

Over the past twenty-five years, I have watched versions of this moment unfold in independent schools, universities, nonprofit organizations, and executive leadership teams across four continents. The buildings changed. The missions changed. The governance structures changed. The languages changed. What surprised me was not how different these institutions were. It was how often they eventually arrived at the same question.

Not after poor governance.

Not after weak leadership.

Not after careless planning.

After thoughtful people had done their very best.

I have come to believe these moments reveal a phenomenon we rarely recognize until its consequences become visible.

I call it “institutional model drift.”

Institutional Model Drift is the gradual divergence between an institution’s internal model of itself and its operating reality. As reality changes, assumptions go unexamined, confidence in those assumptions persists, and decisions continue to be made from a model that no longer reflects the institution as it actually exists.

Most institutions have plenty of information. What they lack is the discipline to keep questioning it. Reports still arrive. Dashboards still populate. None of it, on its own, produces understanding. Information only becomes intelligence when it’s tested against reality, challenged by different perspectives, and allowed to change what we believe to be true. It isn’t simply an input into decision-making—it’s the infrastructure institutional judgment is built on.

The danger is not uncertainty.

Institutions have always operated under conditions of uncertainty.

The danger is becoming confident in an outdated understanding of ourselves.

I’ve never sat around a board table where people cared too little.

I’ve sat around many where people cared deeply. They prepared. They challenged assumptions. They stayed late. They gave generously of their time because they believed in the institution they had been entrusted to serve. That is precisely why these moments have stayed with me. They reveal something far more unsettling than poor leadership.

Good people can become deeply committed to a picture of institutional reality that has quietly stopped being accurate.

Leaders can be deeply aligned, genuinely collaborative, and still make reasonable decisions from an institutional understanding that no longer reflects reality. Alignment matters. But it is only as strong as the quality of the understanding on which it rests.

Most leadership conversations point to familiar explanations. Strategy wasn't clear enough. Governance wasn't strong enough. Culture resisted change. Execution fell short.

Sometimes those explanations are true.

Increasingly, I have wondered whether they are often symptoms rather than causes.

Years ago, Kodak became the cautionary tale every leadership conference seemed to reference. The company invented the digital camera yet failed to transform itself before the market transformed around it. We often describe Kodak as a failure of innovation. I have come to see it as something deeper: a failure to recognize that the institution's understanding of itself no longer matched the reality emerging around it.

A far more revealing example unfolded through the Horizon scandal in the United Kingdom.

When accounting discrepancies began appearing in local post offices, hundreds of postmasters insisted something was wrong. Their experiences contradicted what the technology reported. Yet the institution continued to trust the system it understood rather than the reality emerging in front of it. Individual testimony was interpreted as individual error because the institution's operating model had already decided what reality was supposed to look like.

No one woke up intending to create injustice.

The software had been tested.

The governance processes had been followed.

The evidence appeared to reinforce existing assumptions.

Each decision felt reasonable.

Until years later, when the institution discovered that the people it had trusted least had understood reality most clearly.

Organizational scholars have long explored pieces of this puzzle. Karl Weick showed how organizations construct meaning under conditions of uncertainty. Diane Vaughan demonstrated how institutions gradually normalize decisions that, viewed in hindsight, appear deeply flawed—not because people become reckless, but because each decision makes sense within the institution's existing understanding of reality.

Institutional Model Drift builds on those insights but asks a different question—not how institutions make decisions, but how they continually renew, or fail to renew, their understanding of themselves as reality changes around them.

Artificial intelligence offers an interesting parallel. Engineers expect models to drift over time because the environments those models were trained to interpret inevitably change. High-performing systems are continuously recalibrated against new evidence. Institutions deserve the same discipline. The challenge is not that reality changes. The challenge is assuming our understanding has changed with it.

Perhaps this is why so many strategic plans stall despite capable leadership.

Reality keeps moving.

Institutions do not always move with it.

There was a time when I believed the work began with helping leaders make better decisions.

Over the years, that belief quietly changed.

It wasn’t because I stopped believing in strategy, governance, or courageous leadership. It was because I kept meeting the same pattern in institutions that had almost nothing else in common—different missions, different countries, different leaders entirely. Thoughtful people kept arriving at the same moment of surprise, wondering why an institution they believed they understood had responded in ways they never expected.

I realized I had been asking a question that was too late. I was helping boards make better decisions after they had already constructed an understanding of the institution they believed they were leading. Increasingly, I became less interested in the quality of the decision itself and more interested in the quality of the institutional understanding from which that decision emerged. That realization led me to a different conclusion. Organizations don't fail simply because the world changes. They fail because their institutional capacity cannot keep pace with change. Markets shift. Technology evolves. Demographics change. Geopolitical events reshape priorities. None of these forces determine an institution's future on their own. What matters is whether governance, leadership, decision-making, and execution possess the capacity to adapt before performance begins to decline.

The relationship can be understood simply. Every institution faces external forces beyond its control. What distinguishes those that adapt from those that gradually lose momentum is not the disruption itself but the institution's strategic health. Strategic Health shapes institutional capacity, and institutional capacity ultimately determines performance.


EXTERNAL CHANGE
Artificial Intelligence
Competition
Geopolitical Instability
Demographic Change
Economic Volatility
Regulatory Shifts
STRATEGIC HEALTH
(The Condition of the Institution)
Governance
Strategic Alignment
Leadership
Execution Reliability
Decision Quality
Organizational Learning
INSTITUTIONAL CAPACITY
(What Strategic Health Enables)
Adaptability
Mission Continuity
Resilience
Innovation Capacity
Strategic Agility
Organizational Confidence
INSTITUTIONAL PERFORMANCE
(The Outcomes)
Mission Fulfillment
Stakeholder Trust
Growth
Innovation
Financial Sustainability
Long-Term Performance

Figure 1: **Strategic Health Intelligence™: A Conceptual Model**

Living and leading across cultures taught me that no single perspective ever reveals the whole institution. What appears stable from the board table can feel uncertain in the classroom. What seems resolved in the executive office may feel unfinished on the front line. Over time, I became less interested in deciding whose perspective was right and more interested in what became possible when those perspectives remained in conversation long enough to reveal a fuller truth.

Today, I spend less time asking whether leaders have enough information and more time asking whether the institution understands itself well enough to recognize which information actually matters. Better information alone has never guaranteed better decisions. Institutions make wiser decisions when they continually renew their understanding through evidence, diverse perspectives, and the discipline of questioning their own assumptions.

The question changed more than my advice to institutions. It changed how I define the work itself — helping institutions see themselves clearly enough that wiser decisions become possible, rather than simply helping them decide. Increasingly, I have come to think of this as Strategic Health Intelligence™. Financial indicators tell us what has already happened. Strategic Health reveals whether an institution has the capacity to respond to what happens next.

When I think back to that boardroom, I no longer wonder whether the strategic plan was good enough. I wonder whether the institution understood itself well enough to carry it forward.

This time, before the vote, the Board Chair pauses.

*"I'd like us to spend ten minutes asking a different question."*

The room grows quiet.

*“What assumptions are we making today that may no longer be true?”*

A trustee who has remained silent for most of the afternoon raises a hand.

*“I think we’re assuming families still choose us for the same reasons they did five years ago.”*

Another trustee leans forward.

*“I’ve been wondering whether we’ve mistaken agreement for alignment.”*

The CEO closes the laptop. No one votes.

Not yet.

The room has become more uncertain. It has also become more honest.

Perhaps that is what stronger governance actually looks like: less certainty, and more willingness to question what the institution believes about itself before asking it to carry another ambitious vision forward.

The Board Chair looks around the room once more.

*“What are we missing?”*

No one reached for a vote.

Someone reached for another question.

No one answered right away.

And for the first time that afternoon, the silence felt different—less like the absence of an answer and more like the quiet work of building the understanding a wiser answer would eventually stand on.

In a world defined by accelerating technological change, geopolitical uncertainty, shifting demographics, and rising complexity, institutions cannot afford to measure only outcomes. They must also understand the conditions that produce them. Strategic Health Intelligence™ is not about predicting the future. It is about measuring an institution's capacity to navigate it before performance suffers.