

ALIGNING ORGANIZATIONS

The Foundation of Performance

Introduction

Research accentuates the important connection between an aligned organization and an organization's sustained performance. Aligned organizations grow faster, are more profitable, and perform better on indicators including customer retention, customer satisfaction, leadership effectiveness, and employee engagement than unaligned organizations.

The connection between an aligned organization and performance and profitability is unsurprising. When an organization is aligned, there is a shared understanding of purpose, and of the strategies, goals, and tactics that will make the organization successful. Organizational alignment energizes the organization and enables people to work together to achieve success.

What distinguishes high-performing organizations is staying aligned. Organizational alignment isn't a destination – there is no finish line. Rather, organizational alignment is a continuous process and an unending journey. This is because internal and external conditions inevitably change – market realities shift, internal capabilities fluctuate, key personnel move up or move on—and leaders must respond to maintain alignment.

Gaining and sustaining alignment requires candid communication, clear decision-making, smart processes, and thoughtful planning. It requires regular assessments of internal capabilities and external conditions. And, most of all, it requires leadership. Established well and maintained consistently, alignment will allow your organization to increase its speed and performance—and become a more powerful player in the marketplace.

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Chapter 1: Understanding Alignment

Most business leaders know what organizational alignment looks like: every person at every level of the enterprise—the call center tech, the mid-career analyst, the SVP of sales—understanding and acting upon a shared vision and strategic direction in a manner consistent with company values. Key systems—operations, technology, finance, HR—working collaboratively toward common objectives. Nimble, well-managed teams of professionals solving problems and delighting customers. In a sense, your organization is like an automobile. In order for you (the driver) to achieve maximum performance, all of the car’s parts need to be in alignment—not just your four tires, which must be balanced and properly inflated and respond to your directions through the steering wheel, but also your engine and brakes, which must communicate with the tires when you hit the gas or tap the brake pedal. When all these systems are working efficiently and in concert, you can gain speed, maintain control and get to where you’re going.

Seeing the Signs

When a car falls out of alignment, the source of the problem is typically evident, and the consequences are obvious: even the best driver is likely to end up in a ditch or a repair shop when key parts aren’t working together well. Misalignment of an enterprise can have a similar impact, with the business hitting a wall or steadily deteriorating.

This cause-and-effect, however, may not be as apparent to a business leader as it is to the driver. The modern corporation is a highly complex system and its leaders are often distanced from feedback (they don’t “feel the road” as well); information, some of it contradictory, arrives via multiple sources having gone through various filters. Given the speed of business today and the pressures on executives to hit their quarterly numbers, the leader may not take the time to dig down to root causes—and as a result may overlook the broader organizational forces at work.

The business leader also may not want to see the misalignment in the organization; they may not be ready to look in the mirror and accept that they are, in a significant way, the source of the problem. The leader may not be able to recognize that they are saying one thing and doing another—giving the field marching orders that contradict programs they asked corporate to implement.

Regardless of the reason, putting off efforts to address alignment in any organization is a mistake, because alignment is a catalyst for speed and the cornerstone for growth. Good alignment accelerates decision-making at the executive level and the front lines; it enhances employee engagement, customer satisfaction and sales; and ultimately, it drives performance and profitability.

Doing the Hard Work

And getting aligned is only half the battle; staying aligned is what separates great organizations from the rest. Leaders must recognize that alignment isn't a destination or a finish line—it's a continuous challenge, an unending journey.

That's because internal and external conditions inevitably change. Spark plugs rust, brake pads wear down, windshields get chipped—and the driver must repair or replace these parts to regain peak performance. Outside, weather conditions deteriorate or improve, other drivers cut you off, a pedestrian ambles into traffic; in any of these situations, you must make adjustments to stay on the road heading in the right direction. The same holds true for organizations: market realities shift, internal capabilities fluctuate, key personnel move up or move on—and leaders must respond to maintain alignment.

Because organizations involve so many moving pieces, gaining and sustaining alignment is difficult, slow and inevitably messy work. Given this, it is not surprising that many leaders struggle with it. They express tremendous frustration at their inability to pull their organization together and move forward in an aligned manner. They point to countless speeches and town hall meetings and wonder why their efforts are not yielding the expected results. They're confident they have the right directions, but the car simply can't get them there.

Accelerating Alignment

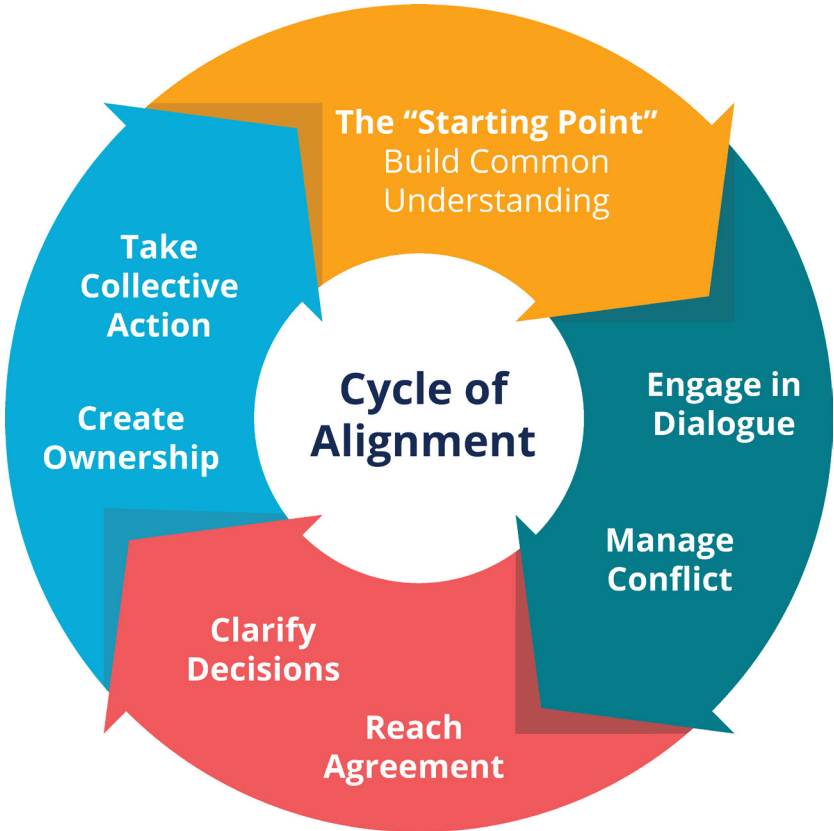
Fortunately, like any major change effort, alignment can be jump-started (and accelerated) with the right organizational environment and clear, consistent process. (See the Cycle of Alignment diagram below.)

Getting an organization of any size aligned typically starts at the top, with the leader and the Senior Leadership Team. Whether responsible for a single function or an entire enterprise, the Senior Leadership Team casts a long shadow: only if this group is aligned can the entire organization be aligned.

The process starts with the leadership developing a common understanding of the organization's external environment and internal realities. The Senior Leadership Team must have a candid conversation about what Jim Collins calls "The Brutal Facts"—and how best to respond to them. For this part of the process to be effective, the leader must encourage open dialogue and ensure the team becomes comfortable getting into and out of conflict.

At the back end of the conflict, the Senior Leadership Team must come to an agreement. Good process often leads the team to reach consensus. When that cannot be achieved, however, the top leader must decide; team members need to agree to disagree—and still manage to speak with one voice to the organization in support of the decision. Just as importantly, all Senior Leadership Team members must be crystal clear on what will happen as a result of the decision, by when and by whom.

Cycle of Alignment



While creating explicitness about the way forward, the Senior Leadership Team also needs to find a way to engender collective ownership of the strategy and its implications. The broader the sense of ownership across the organization, the swifter the execution and the more concerted the effort. Coordinated, collective action can only happen if all key stakeholders are committed to the goal and plan.

Recommendation

Discuss with your team the seven steps necessary for creating alignment. Ask them which steps the team does well and which they struggle with the most. Ask each member for a recommendation on how to improve the weak spots and choose a few of these to put into action. Going forward, at the end of each meeting, ask the team to reflect on what progress is being made and elicit additional recommendations for improvement.

Chapter 2: Preparing for Alignment

Articulation of strategy is often at the top of a leader's agenda. The problem is, articulation is not alignment—it's a one-way form of communication that is necessary for alignment, but by no means enough. Before, during and after the strategy development process, the leader (and his team) must lay the groundwork for alignment. Specifically, they must be able to foster candid dialogue; manage conflict effectively; and make clear decisions.

Engaging in Dialogue

Candor can be hard to find in organizations (especially the closer you get to the corner office). There are many reasons why people don't say what they feel. For the most part, people seem fundamentally afraid to be open and honest. They're afraid of losing their job or losing face, of not being liked or stirring up conflict.

As a result, while it may be easy to say, "Let's talk openly and honestly about this issue," leaders should expect people to struggle to engage in real dialogue, to say what they really believe. And that, precisely, is what hobbles alignment. Because if just one person leaves a meeting without vocalizing their opinion, then chances are they won't be aligned with the rest of the team. When just one leader self-edits their remarks and pulls punches, then chances are they will feel they haven't been heard—and they've been isolated from the group. This type of misalignment will spread, first to that leader's direct reports, and then deeper into the organization.

When we begin working with a Senior Leadership Team, the very first exercise we run is "Rules of Engagement." We ask the group to build a list of behaviors they expect each other to display when they meet. "Be open and honest" is on virtually every list we've seen. The inclusion of this behavior is a good sign, because it indicates that the team recognizes the importance of candor in facilitating productive dialogue. It's also typically an indicator that the group has not been open and honest in the past.

To be sure, adding "be open and honest" to a set of behavioral guidelines is the first—and easiest—step toward being candid. The hard part comes when a leader recognizes that someone else is not being forthright and calls him on it openly. This is typically the moment at which the team comes to fully understand what it means to engage in open and honest dialogue. And if that moment never arrives, the alignment effort is unlikely to succeed.

Managing Conflict

Candor invariably generates conflict. Leaders with different backgrounds, targets and allegiances are bound to have opinions that collide. This conflict is healthy—it surfaces issues, expands perspectives, forces leaders to back up their beliefs, and moves the team closer to sound decisions.

And surfacing conflicts doesn't have to mean pitting one leader against another in front of the team: we often ask sub-groups to develop lists of ideas or opinions and then share those lists with the entire group. In this way, conflicts float up in a more genial manner, which allows the ensuing dialogue to be more about inquiry than advocacy. This process also limits the chances of one or two dominant leaders driving the discussion—and burying conflict.

Of course, getting into conflict is only constructive if the team can also get out of it. Here the responsibility falls on the leader (or facilitator) to guide the dialogue—allowing ample space for different opinions while reminding everyone of their shared goals—and then bring it to a close. That closure may take the form of a decision, a call for further analysis, or a tabling of the discussion until a later date.

What's critical is that the conflict is acknowledged, viewpoints are expressed, and the next steps are established.

Clarifying Decisions

Alignment also requires that once team members have emerged from their conflict, everyone is clear on what specifically has been decided. What did we just commit to? What needs to happen—by when and by whom? It's not enough to say, "Let's go left." The next steps need to be specific: "After five paces, we will turn left and walk at five miles an hour. We plan to be at this juncture in 10 minutes, and when we arrive, Pat will be in the lead." Without this clarity, decisions disappear into the ether (they get revisited and rehashed), accountability is unattainable, and execution suffers.

Achieving this level of explicitness doesn't require much effort, but it can make the difference between implementation and inaction. You need three things: a leader or facilitator to ensure that the specifics of the decision are clarified, someone to capture the details in real time, and a mechanism for sharing the details with everyone immediately after the meeting.

Setting aside five or 10 minutes at the end of a meeting to review decisions is a best practice you can build into any agenda.

Recommendations

1. Establish a set of Rules of Engagement for your team. Ask each team member to jot down a short list of ground rules for the team to follow. List all the ideas so that all members of the team can see them. Try to narrow the list to six or eight by discussing with the group or voting. Start each meeting by reviewing these rules and end the meeting by asking team members to highlight where they see progress and where challenges remain.
2. At the start of a meeting, discuss with your team which key decisions you hope to make—and how you plan to make them (gain consensus, group vote, leader decision, etc.).
3. When decisions are made, write them down so everyone can see them. Next to each decision, explicitly articulate the follow-up steps—What, By When, By Whom. Have someone capture this data as close to real-time as possible and distribute the output to all team members. Review all decisions at the end of the meeting.

Chapter 3: Gaining Alignment

We believe that leaders have two organizational levers to pull when running the business—people and process. These two levers are also critical to gaining and sustaining alignment. In Chapter 2, we focused on creating an environment that promotes candor, constructive conflict and decision clarity—in other words, getting the people side of the equation prepared for alignment. Without strong process, however, the hard work of engaging people will be for naught. And that process typically drives a Senior Leadership Team to reach agreement on three key topics: Why alignment is necessary, what the organization will align around, and how this alignment will be achieved.

Building Common Understanding

There are no shortcuts to aligning an organization. Establishing a common understanding of the organization's things they can't control) and key aspects of the organization (people, products, processes, technology, etc.). By aligning around the current state and—just as importantly—the likely future state, the team can identify gaps and probable needs.

During this initial phase, many clients develop a thorough inventory of critical internal and external factors that they can address one by one later in the process. A few take a different tack, boiling down the data into a handful of critical statements. One client, a multi-brand service provider, took a hard look at its less-than-stellar revenue, market share and customer satisfaction measures and summed up reality in one sentence: “Leadership has failed to put the customer first.” This frank appraisal helped the Senior Leadership Team describe its “burning platform”—and communicate with urgency to the rest of the organization why alignment was so important.

Reaching Agreement

Once developed, a shared understanding of reality also helps a team make better decisions by bringing all viable options into sharper focus—and by making the best path forward clear.

Let's be clear: most decisions do not require consensus. In fact, the pursuit of consensus often paralyzes teams and organizations, causing important opportunities to be missed. Decisions typically get made by a sub-set of the group—sometimes just one person. As one of our clients is fond of saying, “This is not a democracy.”

What matters most is that the leader clarifies at the outset how key decisions will be made, and by whom. Alignment does not necessarily mean everyone is happy with every decision. It does mean, however, that all key stakeholders have some input into the decisions, understand the decision-making process and support the decisions, publicly and privately.

Creating Ownership and Taking Collective Action

Decisions, no matter how smart, are useless unless they are implemented. Only action—aligned, coordinated action— can deliver breakthrough results. And these days only an organization that feels a sense of collective ownership of its strategies can implement them successfully. Command and-control has been replaced by engage and empower.

The effort to create ownership should start early in the alignment process because it multiplies the benefits. For instance, after assessing market realities and sketching out a strategic roadmap, many clients share these “first drafts” with their direct reports and solicit their feedback. This approach has three benefits. First, the act of “teaching” increases each leader’s understanding of the strategy. Second, the feedback generated by the exercise yields dozens of good ideas for making the strategy better. Finally, and most importantly, by engaging their direct reports in this open dialogue, the leaders build ownership in the change effort and alignment around the key strategies.

Whether you start with a bang or a whisper, the most important thing is that you commit to an alignment process that ensures open dialogue, ownership and a sense of urgency.

Recommendations

1. Engage your team in a discussion of market realities. Which characteristics of your customers, competitors and suppliers are affecting your organization? Which macroeconomic forces are in play? How are these realities likely to be different three years from now? Have your team agree on a short list of key changes that you believe will have the greatest impact on the overall context of your business. Write these down. Use the document as a tool to engage others in your organization in the same dialogue. Explain how your team sees the world changing and ask the listeners for their perspective and input. These discussions will lay the groundwork to help the organization understand your strategy and operating priorities.
2. How do you currently create ownership in your organization for strategic initiatives? How effective have the initiatives been? Which new mechanisms or processes might increase the feeling of ownership?

Chapter 4: Sustaining Alignment

It's not enough to get aligned and perform well for a quarter or two; truly great organizations win year after year by reacting to—or, better yet, anticipating—internal and external changes. As your business improves— as you pick up speed and momentum—the alignment process must improve as well.

The Cycle of Alignment diagram is circular rather than linear because you can't just stop after Taking Collective Action. That action yields results, and over time those results (in tandem with new market realities) must be monitored and assessed. With new data comes the need for a new Common Understanding, and the process begins again. Good operating mechanisms, however, can make subsequent runs through the Cycle more efficient and effective.

Keeping the Senior Leadership Team Aligned

Once alignment has been established and action is underway, the entire Senior Leadership Team must remain engaged in the effort. The responsibility for maintaining alignment cannot be passed off to one leader.

Some successful Senior Leadership Teams schedule monthly or quarterly half-day meetings, during which each leader reports on the progress of key strategic initiatives. The person accountable for the implementation of each initiative provides a brief progress report, notifies the group of any adjustments to the timeline, identifies any roadblocks that have appeared and asks for help from other Senior Leaders if necessary. These disciplined sessions ensure steady progress and keep all Senior Leadership Team members aligned.

These high-performing teams also set aside a larger block of time each year to analyze internal and external conditions and determine if any strategic changes are needed. One client starts this session with each leader grading (A through F) the Senior Leadership Team's performance against each of its key measures and initiatives. Team members then use the assessment of the past year to plan for the year ahead, re-evaluating any incomplete strategic initiatives and recommending new ones. It is essential that the Senior Leadership Team—and the organization more generally—recognize that the strategy is not set in stone. It should be a "living document," solid enough to drive tangible actions but also fluid enough to allow responses to internal and external shifts.

Keeping the Organization Aligned

For organizational alignment to carry forward and truly take hold, however, dedicated meetings are not enough. Leaders across the enterprise must put in place processes that ingrain alignment into their daily work life.

In the HR organization, for example, compensation, talent management and hiring systems can be adjusted so they more closely align with the strategic roadmap. Case in point: Southwest Airlines. Having committed to a strategy of putting employees first (because they drive customer satisfaction), Southwest altered its interviewing process to ensure it hired only people with the right attitude and service ethic. By interviewing its star employees in each job function and identifying their common strengths, HR developed profiles to help them identify these top candidates.

HR isn't the only area that can upgrade its systems. Finance leaders can develop a dashboard and reports that more clearly indicate performance against targets in key measures. IT executives can re-prioritize their portfolio of projects to align with strategic initiatives. Operating unit heads, with the support of Communications, can disseminate key messages to the front lines so the people who directly touch the customer are lined up with the Senior Leadership Team. Better yet, they can establish a mechanism that enables front-line employees to get important messages from the customers in front of the Senior Leadership Team.

Every leader in every part of the organization can establish operating mechanisms that enhance alignment. When these processes work well—and work together—the enterprise can make the adjustments necessary to respond to an ever-changing marketplace. With the right processes and the active attention of leadership, any organization can develop the flexibility, speed and consistent execution that create a lasting competitive advantage.

Recommendations

1. Assess how well your organization has done in relation to its strategic objectives for the year. Ask each member of your team to grade the group's progress against each initiative. Which objectives have earned A's—and why? Which are struggling to earn passing grades—and what additional support can be provided to ensure they succeed?
2. How well-matched are your key operating mechanisms to the strategy? Ask members of your team to brainstorm ideas on where improvements can be made that will dramatically improve execution of the strategy.

Summary

Gaining and sustaining alignment is essential for any organization's long-term success. It requires candid communication, clear decision-making, smart processes and thoughtful planning. It requires honest ongoing assessments of internal capabilities and external conditions. And, most of all, it requires leadership. Established well and maintained consistently, alignment will allow your organization to increase its speed and agility—and become a more powerful player in the marketplace. The rewards, in terms of improved organizational performance, are well worth the effort.

About Brimstone

Brimstone is a global leader in business consulting. We work side by side with our clients, moving from strategy to execution and uncovering the pivot points for true business growth and transformation. Our straightforward methodology simultaneously aligns the organization and develops leaders while accelerating growth, performance, and profitability.



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