



Why Companies Can Do Everything Right And Get the Wrong Results

By Pamela S. Harper

The CEO of a mid-sized manufacturing company quickly ushered me into his office. With great pride, he pointed to the newly created vision and mission statement on the wall. He also told me about the ambitious performance targets that his company was trying to achieve and some of the new people, processes and systems that had been put into place to make it happen. As the discussion went on, however, he finally admitted why he called me in for a meeting. “We’re doing everything right, but our progress is stalling,” he said with great frustration. “I just don’t get it.”

This situation is not unique. It exists in companies and associations of all sizes and across all industries. The leadership team spends a great amount of resources, time and energy crafting a thoughtful vision and mission statement, and introduces it with great fanfare. They even bring in new people and launch new processes and systems. They’re doing all the right things. Yet a few months later, these statements exist only on walls and in annual reports. Nowhere are they evident in the everyday activities of the organization.

Why does the problem exist? It’s that these elements are working at cross-purposes and are not functioning in alignment with each other. When leaders overlook or underestimate the impact that one set of decisions has upon another part of the organization, they can find themselves facing unexpected drops in revenues and profitability. Delays in product and service launches, quality problems, low productivity, sagging employee morale, lost customers and other persistent problems build up and grind progress to a halt.

The objective of this white paper is to provide you with three steps for aligning strategic issues with organizational reality issues, so that the right things happen at the right time in the right way to accelerate progress toward your vision.

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» 1. Ensure that key internal and external stakeholders understand your company's strategy.

The first step of alignment is to make sure that the people who are executing the strategy understand it and have internalized it. The challenge, however, is that as an organization grows, everyone can become so focused on their individual goals and objectives that they lose sight of how they fit into the big picture strategy.

For example, in one company that was merging divisions, we spoke with employees in a variety of positions to determine how their jobs supported the strategy of the company. Predictably, the leadership could easily explain how their objectives fit into the big picture. However, the further away from the top we got, the less people understood how their positions fit into the company's strategic objectives. As a result, they often made their decisions in a vacuum. While their decisions made sense in the context they could see, they often did not help the progress of the company as a whole. Once they were able to understand the way that their everyday responsibilities and goals fit into the company's objectives, a number of employees reported that this new understanding dramatically changed the way that they made their decisions.

This challenge is amplified as companies grow through third party relationships to accommodate the rapidly changing marketplace. Outsource providers, suppliers, and alliance partners are now a critical part of the process for designing and delivering services and products. For instance, these days a car can be designed by an alliance team, built by your employees from parts manufactured

by outsourced providers, shipped by suppliers, and marketed and sold by your employees. With so many people involved, strategy can easily become diluted in the mix.

The more that both internal and external stakeholders know and internalize how the company's strategy impacts the everyday reality of their

jobs, the better able they are to make decisions that will support it. Ensuring that you have a steady flow of two-way communication is essential. Not only do you need to communicate strategic information; getting others' feedback enables you to understand and address the everyday issues that people are facing as they execute the strategy.

Fortunately, there are many types of communication channels to choose from. For example, in some companies, "blogs" are becoming popular as a way to quickly share online opinions and information. Keep in mind, however, that in the "organization without walls," your alliance partners and outsource providers will not have the same access that your employees have

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to you and your messages. It takes special effort to make sure that everyone is connected.

Ultimately, the more you use communication channels that stakeholders respect and rely upon, the more likely it is that people will understand and internalize your strategy. This will enable them to make their choices while keeping in mind how it will impact the ability of your company to achieve its big picture strategic objectives.

» 2. Determine what's in it for people to do what you want.

Helping people understand your objectives is only the first step in aligning strategy with organizational reality. Individuals and groups must want to achieve these objectives, and the reality is that their objectives may be at cross-purposes with yours.

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It's vital to understand the interests and positions of others so that you can leverage strengths and develop plans for overcoming differences. Where could your plans conflict with those of others? Where could they compliment them?

Remember that different groups and individuals often perceive situations quite differently than leaders. For example, in one company, the leadership introduced state-of-the-art technology designed to simplify the lives of salespeople and improve reporting. However, salespeople resisted using the technology. Why? As it turned out, gaining proficiency on the new technology took time away from their business development activities. It was only after the leadership understood and addressed the conflict by aligning goals with the changes that were taking place, that they were able to resolve the problem and realize the long-term productivity increases they envisioned.

The importance of tapping into stakeholders' **WIIFM** ("What's In It For Me") especially increases when dealing with third party relationships. Not infrequently, outsourcing and alliance relationships require significant adjustments to their established processes and procedures in order for them to deliver results that meet your strategic objectives.

Under these circumstances, it's important to develop a process to align your strategy, people, processes and systems with their strategy, people, processes and systems. Once you've identified the adjustments that everyone will need to make, ask yourself, "What's in it for us and them to make adjustments? What gets in the way of this happening? How can we resolve these issues?"

Regular communication between leadership teams to address these issues is critical at the beginning of these relationships, as well as at regular intervals along the way so that your organizations can stay in synch with each other.

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» 3. Use checkpoints and milestones to determine if people, processes and systems truly reflect your strategy.

Even when people understand how their everyday responsibilities fit in with strategy, and they buy into adapting their systems and processes to meet these objectives, it's easy for each of these areas to take on a life of their own as the world continuously changes. That's why it's so important to continuously align your organization's reality through well-placed checkpoints and milestones. These reference points effectively serve as a roadmap of your progress and enable you to take control before serious problems occur.

Milestones (marking the end of a significant set of related goals) and checkpoints (places between milestones to monitor your progress) should reflect the unique needs of the organization and the level of risk tolerance of the leadership. In general, it's good practice to set closely spaced checkpoints when you launch your plan to ensure that it's getting off to a smooth start.

For instance, a company that is in the process of identifying an outsource

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provider may choose to set milestones after they've identified a group of possible candidates, or after they've identified their first choice provider. Checkpoints on this milestone might be the point at which they've compiled a list of appropriate companies, the point

at which they've identified providers based in the United States, and so on.

You can then use these points to align the process of choosing the best provider for your company. The criteria for evaluation would be the extent to which these providers would be able to meet the needs of your strategy and be compatible with the cultural values and management style of your people, along with being compatible with your systems and processes. Using alignment criteria, leaders sometimes discover that the best provider isn't always the most obvious choice.

In addition to tracking progress, setting milestones and checkpoints gives you the chance to reassess whether your plan is still appropriate to meet your objectives. Even the smallest changes in internal or external business conditions can dramatically impact results. Important issues include (but are not limited to) changes in the economy, government regulations, customers, outsource providers, suppliers, alliance partners, and your workforce. Any of these areas can trigger the need to adjust and realign your strategy, people, processes and systems. Getting into the habit of regular assessment enables you to monitor issues that you might otherwise overlook or underestimate.

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» **Alignment is the key to accelerating progress.**

Your company's success hinges upon more than strategy, people, processes, or systems. While all of these components must be in place, it's the alignment of these parts that truly leads to the right things happening on a sustained basis.

The more skilled you become at the three essential steps of strategic alignment, the more you'll be able to avoid problems, minimize those that do occur, and accelerate progress toward your key objectives.

» **About the Author:**

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