



# THE ROAD TO STRATEGIC ALIGNMENT: CREATING LINE OF SIGHT

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MAXIMUS

## **Short-term thinking, opportunistic moves and personal gain — the first and surest signs of impending decline.**

Reaching strategic goals isn't negotiable. It's the reason for stakeholders and executives' very being. It's what business is all about. Yet according a recent study, just 53 percent of executives characterise their companies' strategies as emphasising the creation of relative advantage over competitors; the rest say their strategies are better described as matching industry best practices and delivering operational imperatives<sup>1</sup>. In other words, just playing along.

Adding the ingredients of the strategy recipe together requires a very methodical and disciplined approach toward analysis and forecasting, as well as a fair share of courageous risk taking.

## **STRATEGIC ALIGNMENT: WHAT IS IT ALL ABOUT?**

Strategic alignment is the process of bringing an entire organisation — including various business divisions, different levels of management, diverse employee groups, and numerous supporting systems and processes — in line with the organisation's overarching strategic objectives. It's the process of onboarding every individual person and process to ensure that you're striving toward a shared purpose. The importance of this is so aptly summarised by International Institute of Management President Med Jones, who said "sustaining high business performance is a product of continuous strategic alignment".

## **WHY IS IT SO DIFFICULT TO EXECUTE?**

Once you have created your strategy, the task of execution and alignment awaits. The complexity of this is often underestimated.

Consider a soccer team. The head coach works with his coaching and advisory crew to devise a game plan to achieve an overarching objective: winning against all odds. The leadership team, including the captain and the assistant captain, work with the coaching staff to help a) develop the strategy, b) communicate the strategy, and c) execute the strategy from the field. Although the team comprises individuals with vastly different roles, strengths, and responsibilities, they are all united in striving toward a common goal.

Sounds simple... right?

Now, let's throw in some equally or even better skilled and prepared competition, an array of individual motivators, a selection of skill-gaps, personality differences, cultural beliefs, shortfalls in leadership ability, a broken feedback loop, and a miscommunication or two, and see if the team remains on track in a sustainable and focused manner week in and week out. Add to the complexity are a number of other pressures — the expectations of the owners of the club, fans, and pressure from the media. Everybody is watching and carefully observing each tactical move.

Maximus partners with a number of global organisations large and small. We have found strategy creation and execution skills to be varied at most. Consider the complexity associated with this process: The speed of change in global markets and economies, ever-evolving customer demands, and the rise of consumer advocacy that demands ethical and sustainable business practices, competitors

<sup>1</sup>"Putting strategies to the test: McKinsey global survey results", McKinsey & Company, January 2011.

that innovate at the front end of the curve, legislative changes, and technological advancement. Add to the mix the importance of accurate real-time data that informs strategic planning and decision-making.

## THE THREE ACTS OF STRATEGIC ALIGNMENT

At Maximus, we work with our clients to tackle the process of strategic alignment in three phases:

1. Strategy creation
2. Cultural alignment
3. Strategy execution

At each stage of the process, there are a number of common obstacles that, if not overcome, can derail the process in a very big way. However, there are also a number of approaches that can be taken to minimise these obstacles. The following addresses the Maximus approach to securing strategic alignment.

### ACT ONE: STRATEGY CREATION (SCRIPTING)

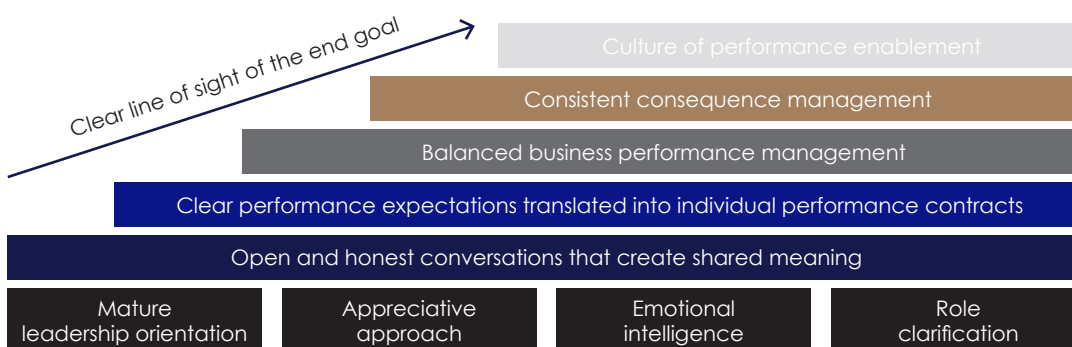
#### Conversing your way to success

Conjuring up a strategy in a smoke-filled room and then launching it with a bang is the fastest way to lose the battle before it even began. Strategy creation is a dialogue, and the strategic dialogue must be started long before writing up the strategic plan. The dialogue should involve conversation, knowledge sharing, testing of assumptions, and informal and formal debate.

#### It's a robust democracy, not a dictatorship!

One part of the dialogue must focus on analysis and insight by dissecting internal historic performance data as well as strategic performance data of competitors, and then factoring in the views of customers, employees, and important internal stakeholders from different levels in the organisation.

The second part of the dialogue involves interpretation and the exploration of strategic options as a result of the analysis phase. The two parts of the dialogue help to synthesize the various elements of the strategy development process. It allows the strategy output to be rigorous and robust, but also meaningful for, and accessible to, the entire workforce, thereby building engagement through better understanding.



## **An ongoing process, not a final solution**

Strategy must be agile, fluid, and responsive to changing market conditions. Context is king, and like a soccer team, you must adapt to the game plan of the opposition and the situation within the broader competitive league.

To combat employee disengagement, change resistance, and complaints around the “constant change in direction”, dialogue, explanation, and communication are key. Everyone in the organisation needs to understand the context for them as individuals. Narrative and example can help to provide context and it may be worth utilising the skills of your marketing and internal communications teams to create an internal campaign that will resonate with your people.

## **ACT TWO: CULTURAL ALIGNMENT (SCENE-SETTING)**

### **Creating a culture of performance enablement with clear line-of-sight**

Culture is defined as “the way we do things around here” — inherently, subconsciously, and consciously. Therefore, it would be fair to say that all organisations either have a culture where performance enablement happens and strategy gets implemented as a result thereof, or a culture where it just doesn't happen. The latter makes the organisation all the poorer because of a lack of ideas, ownership, and testing of assumptions.

### **Leading with leadership**

The foundational building blocks for creating a culture of performance enablement starts with “servant leadership” fundamentals — having a mature orientation where everyone is treated with respect and as adults, being appreciative and supportive in approach, having strong emotional intelligence, and ensuring clarity around roles.

### **Communication is key**

Workplace practices must then actively drive behaviours that deliver on strategic objectives. Dialogue is critical to ensuring all day-to-day operational planning and activity is aligned to corporate goals and objectives. It's imperative that strategic intent flows right through the organisation, from the office of the executive to the voice at the end of the customer service helpline. If this is practiced in the smallest units in the organisation, it will permeate the whole. This means that honest conversations that create shared meaning is part of the everyday expectations and measures of success.

### **Create, manage and maintain**

The next step follows the process of establishing clear targets and communicating expectations around those targets. The strategy must be an inextricable part of the approach to performance management, and measuring performance and managing consequences of performance and non-performance is critical to the success of strategic alignment.

## ACT THREE: STRATEGY EXECUTION (SHOW TIME!)

### The bumpy road to strategic execution

Strategic planning and direction setting is the easier part. The hard part is implementing the strategy. The roadblocks are many and varied and present in all sorts of guises.

### Perceived vs. actual alignment

The first obstacle appears right in the engine room where the strategy gets designed by the “playmakers”. It's called “the shallow pool of shared meaning” and comes in the guise of “we are all aligned”. The alignment may be perceived and not actual. Remember the last time you found yourself at the supermarket in the middle of a conversation that either didn't hold your interest or didn't resonate with you personally? What did you do in that situation? Continue to smile and nod your agreement, before immediately returning to thinking, feeling, and acting exactly as before?

An example here may be that the overarching intent may make conceptual sense to all involved, but not everybody believes that it is the right direction to make (particularly for themselves or their team), or the right time to pursue it. Misalignment happens when all the views are not voiced, acknowledged, and debated when discussing the direction. Once again, dialogue is key. Survey, discuss, converse, question, prod, and probe. The reality of the playmaker grouping is that to achieve an overarching strategic intent, it may well mean that there will be winners and losers as resources, time, and money gets divided depending on priorities and appetite.

### What focus, where?

The second obstacle appears when the strategic initiatives aren't prioritised. This may lead to confusion on multiple levels, including what needs to be done first, and how to balance day-to-day activity with strategic actions that require additional effort.

Assigning a weighting to responsibilities can help crystallise expectations. This must be coupled with clear parameters surrounding due dates. Simple project planning documents, or even project management software can help support divisions, teams, and individuals to stay on track. A new strategy may also call for role revisions or, in instances where a particularly different direction is to be taken, a job analysis initiative may be required.

### Lost in translation

The third obstacle in the execution phases appears when there's no translation of the strategy into strategic initiatives that are specific to the differing levels in the organisation, which can be regional, divisional, or functional depending on the structure. Robert Kaplan and David Norton claim that on average, 95 percent of a company's employees are “unaware of, or do not understand” the organisation's current strategy<sup>2</sup>.

Here it must be determined what needs to be done at each level to achieve organisational objectives. This should be followed by individual performance contracting — the process of identifying clear goals and metrics for success. Employees will be empowered to make their own decisions if they are confident that their actions are aligned to the broader organisational strategy.

<sup>2</sup>Kaplan, R.S and Norton, D.P. “The Office of Strategy Management”, Harvard Business Review, Boston, 2005.

To support the embedding process, utilise a multi-tiered communication approach with specific tactics for each unique group of employees. Regular focus groups can help ensure a push-pull approach to communication, and the identification of non-management strategy advocates or enablers (individuals who have social standing and influence at their particular organisational level) can fast-track engagement with the strategy. In short, put time into people, not just planning.

### **No metrics, no meaning!**

The fourth obstacle appears when there's no tracking of progress against targets. In the fast paced environment we live and work in today, measurement is imperative and the more accurate the better. Real-time leading and lagging information with implications of the data gives decision makers the ability to navigate their destinies better and quicker.

Ensure your systems and processes are aligned to support and underpin strategic objectives. Ask yourself: Are you capturing the necessary information you need to track progress against targets? Are you currently capturing additional information that serves no purpose? What systems and processes are redundant to your strategic imperatives? Replacing and streamlining rather than adding or expanding process can help drive engagement and support adoption.

### **Strategy execution: The feedback loop**

The fifth obstacle appears when no feedback is given on performance data in any direction — upward, laterally, or downward. The faster the feedback, the faster any adjustments can be made to stay on course. The old adage of a journey of a thousand miles begins with a single step rings true here. Every step along the journey determines the ultimate destination. Constant reminders of where you're headed and how you're tracking, communicated through a variety of mediums from a variety of sources, is critical to success.

Communication around progress needs to be weaved into daily dialogue and not just driven from the offices of the C-suite. Managers must be provided with regular, relevant, and digestible information, and be expected to update their teams on the status through daily dialogue.

### **Strategic alignment: Start now!**

It's time to be courageous. Identify what needs to be done and how you can make it happen. What do you really require for successful strategic alignment? Is it more robust dialogue, a different approach to performance management, or a framework for performance enablement? What obstacles are in your way, and how can you overcome them?

Remember that strategic alignment is an ongoing process, not a quick-fix, one-off initiative. It's a journey that requires dedication, action, commitment, and relentlessness, but the rewards to be reaped are remarkable. Strategic alignment is the key to business success.

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## ABOUT THE AUTHOR

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Vanessa Gavan is the founder and managing director of Maximus International. For over 15 years, she has consulted to a range of leading Australian and international organisations to enhance business strategies, improve executive leadership capability, redesign organisational structures, and deliver operational performance solutions.

As an entrepreneur and business leader, Vanessa has lived through every business life cycle and has refined her abilities to inspire, deploy, and motivate people to achieve great things.



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