Making the Pieces Fit: Helping Your Infrastructure Work Together, and Not in Isolation

As Published in The 2006 Executive Handbook of Strategy

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Yesterday, you had your quarterly call with analysts. This morning, your stock is down. Why? The analysts say they are concerned that your organization is unable to execute its strategies.

You've spent countless hours with your leadership team developing a vision and strategies that you believe will propel your organization to the next level and give you a significant competitive advantage. Your leadership team has prioritized initiatives and created detailed implementation plans. Yet your results are inconsistent. So the question you ask is why?

Why aren't you able to deliver on your corporate objectives? Why aren't your strategic initiatives delivering the results you expected? The answer…You haven't aligned your strategies with your people, processes and technology. According to Fortune magazine, "Less than 10% of strategies effectively formulated are effectively executed."

By learning how a successful company aligns its strategy with its people, processes and technologies, and discovering how your business can do the same, you will be on your way to getting your firm into the 10% that effectively execute their strategies. But this knowledge is just the first step.

To execute this alignment effectively requires the right culture, specific performance measures and a definitive plan for change. Companies that make the commitment to do this work will find it worth the effort when their business starts reaping the rewards of successful strategic execution.

Planning for Change, Creating a Culture & Measuring Performance

Aligning your strategy with your company's people, processes and technology typically requires significant change in several, if not all, areas of the organization. Is your company open to these changes? Have you planned effectively to ensure that the changes you want to make are successful? And how will you know how you're doing along the way?

Before delving into the details of day-to-day operational changes, take the time to plan for change, create the right culture and design a way to measure your progress.

Planning for Change

A Wharton-Gartner Survey shows that the number one problem managers face is the inability to manage change effectively or overcome internal resistance to change. Why? Wharton School Professor Lawrence G. Hrebiniak says it's because change is difficult. It creates resistance. People lose power, resources and autonomy — or they perceive that they might lose autonomy. But the real problem, he says, is that people don't lay out a change plan. They do everything at once.

Implementing change won't happen without a detailed, prioritized action plan. Change takes time; you can't do it all at once. For a change implementation to be effective, you need to do the following:

1. **Establish priorities.**
   Establish up front the organization's priorities. Trying to do everything at once sets you up for failure.
2. **Develop detailed action plans with accountabilities for each objective.**
   People will be more successful if they understand the objective and their accountabilities, deliverables and timeframes.
3. **Identify risks and develop contingency plans.**
   Every change has risk associated with it. As soon as you can identify risk, develop contingency plans. Don't be afraid to execute the contingencies.

Transforming Vision Into Value

4. **Conduct stakeholder analysis.**
   Proactively seek the opinions of those affected by the change. Failing to recognize those who influence or are influenced by the change can have dire consequences to its successful implementation.

5. **Develop a communications strategy.**
   Create a communications strategy and stick to it! Effective communication is key to success. It allows you to gain buy-in from appropriate stakeholders and keep them involved throughout the project. Don't assume people know things. The golden rule — You can never over-communicate!

6. **Measure, monitor and control.**
   Establish appropriate metrics. Whether the news is good or bad, measure the performance and results and act accordingly. Weigh the project priorities, evaluate the risks regularly and implement contingency plans when necessary.

Creating the Culture

The culture of your organization can either enable your strategy or work against it to the point of failure. All organizations have an underlying culture that influences a change's success or failure.

You may have a culture that doesn't accept change easily, while the same initiative in another organization would be quite successful. Each organization has its unique culture with both positive and negative drivers. Understanding and managing those drivers is key to the success of any change initiative.

Take the case of an equipment manufacturer based in New Hampshire. Its new CEO encountered resistance when he launched a reengineering initiative. The organization was distrustful and thought the plan was just a ploy to cut staff.

But the CEO demonstrated hands-on involvement, commitment and leadership, and employees soon realized that staff reductions were not on the agenda in fact, the opposite occurred. The CEO conducted town meetings with employees on a regular basis to lay out his strategy, solicit feedback/input and acknowledge individual contributions. He even engaged customers to be part of the sessions.

By helping to alleviate the inherent fear and distrust within the organization, the CEO was able drive a successful reengineering effort.

So it is important to understand your culture — its strengths and style — and its potential to help or hinder your change initiatives. Listed below is a comparison of cultural drivers and cultural barriers. Where does your culture fall?

Cultural Drivers	Cultural Barriers
Open, honest, multi directional communication	Top down communication, passive aggressive behavior
Personal accountability	Continually not following through on commitments
Innovation	Resistant to change
Customer-focused	Internally focused
Integrated thinking and action	Silo thinking and actions
Quality focus	Short term solutions, "flavor of the month initiatives"
Flexible, adaptive to change	Stagnant, living in the past

Organizations that embrace and implement change readily have adopted these cultural drivers, while those that resist change and experience less than desired results typically experience some of the cultural barriers.

If you find that your organization is entrenched with these cultural barriers, then you need to create the environment for change. Any change to your culture needs to start with the organization's leadership.

1. **Set the example.**
   Any changes to the corporate culture will start with you. You must model the behaviors you want within the organization. Your leadership and commitment will influence others' behaviors. For example, a high tech firm we worked with attempted to change its customer service approach. The top officers showed the way by personally demonstrating the specific ways the organization would enhance its service and recognizing those who embraced the new program.
2. **Communicate.**
   Announce the change! Establish two-way-dialogue with your employees and keep it going. Establishing communication channels with employees will provide you and your leadership with insightful information
3. **Reward the new positive behaviors.**
   On a daily basis, recognize those that demonstrate the new behaviors with positive feedback. Make this part of your organization's strategy.
4. **Keep it going.**
   Changing your corporate culture is not an overnight endeavor, it takes time. And while your business strategies will change over time, employee behaviors need to remain constant.

Measuring Performance

Many organizations use traditional business metrics, reviewing and analyzing them regularly. But often these metrics fail to provide the business with the information it needs to drive success. Organizations need to find a clear way to accurately measure how their people, processes and technologies are measuring up in the effort to execute vision and strategy across the company.

- Do your business metrics give you the information you need to measure performance?
- Are you measuring the right things?
- Are you communicating the right information to the right people?
- How can you balance financial measures with non-financial measures?

Over the last decade, there has been a move toward a more balanced measurement process. One process that has received considerable attention is the Balanced Scorecard (BSC), developed by Drs. Robert Kaplan of Harvard University and David Norton of Balanced Scorecard Collaborative.

The BSC centers on translating vision and strategy into a set of operational objectives that drive behavior and performance so an organization can better implement its strategy. The premise is that measurement motivates and that measurement must start with a clearly described strategy. The BSC is designed to link data together in ways that produce better information and decisions across all levels of the organization.

The general manager of a high-tech business unit in the Northeast used the BSC to deliver his unit's mission and strategy. He developed the scorecard with the objective of creating an aligned, integrated organization. The process involved meeting with executive leaders, middle managers and employees to establish six measures and corresponding targets and a reward system that would drive strategy.

Performance was maximized through a clear, consistent, focused set of metrics that linked individual performance to the business unit's strategic objectives. Within a year, the organization met five of the six targets.

The four perspectives of the BSC framework include:

- Financial — how well your company meets shareholder needs
- Customer — how your customers view you
- Business Process Metrics — how well your core processes produce value
- People & Knowledge — how well your company learns and grows

The overall framework of the BSC helps to:

- Cascade the strategy down throughout the organization.
- Set expectations and accountabilities at every level of the organization
- Support the alignment throughout the organization.
- Achieve an accurate assessment of the progress you've made translating strategy into action.
- Provide information that leaders and employees can act upon.
- Deliver the timely feedback necessary to assess performance and adjust and refine the organization's strategy over time.

Using the BSC framework is a good place to start when measuring how your business is translating its strategy into operational objectives, measures, targets and initiatives. It can help you get a clear picture of how well your people, processes and technology are equipped to execute your business strategy.

People, Process & Technology

Prepare Your People

The success of any change initiative, such as introducing new strategic initiatives, depends on preparing your people for it. Studies show that up to 90% of associates don't understand their company's business strategy and how it relates to their day-to-day activities. So not only does the enterprise fail to meet its objectives, but its associates are continually frustrated.

Executive management teams often create company visions and strategies with a closed-door approach and then expect employees to execute the plan. This practice results in a lack of ownership and high level of distrust.

Executing a strategy requires that the organization's leaders get employees on board and engaged. How should your leadership team engage your employees?

1. **Conduct a strategy review session.**
   Review the vision, strategy, goals and objectives with your employees. Make sure they understand the company's direction.
2. **Conduct department input session(s).**
   Have each department conduct information gathering sessions, some questions they may consider are:
   - Who are our customers?
   - What are our customers' needs?
   - How do we influence the company's strategies?
   - Who are our business partners? (internal and external)
   - What are we doing that we should continue?
   - What are we doing that we shouldn't?
   - What aren't we doing that we should?
   - What do we need from other departments to accomplish our goals and objectives?
   - What do other departments need from us to accomplish their goals and objectives?
   - What are the department's strengths and weaknesses?

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3. **Define department goals and objectives.**
   Have each department outline the top 3-5 projects they need to complete in the next year including outlining how these projects support the corporate strategies.

4. **Conduct department presentations.**
   Hold a company meeting to have each department present its plan for what it intends to do in the upcoming year to support the company's strategies. This process accomplishes several things:

   - It allows for departments to better understand each other's roles and promotes coordination among departments.
   - It allows for executive leadership to identify any departments that aren't aligned with the corporate strategy.
   - It provides a forum for generating and addressing new ideas at the corporate level.

Every year a high-tech organization presented its annual plan and goals to employees. And every year, the organization missed its goals. In the annual survey, employees responded that (1) they did not know the company's strategy and (2) they didn't understand how their jobs related to the strategy. Frustrated, the leadership team engaged a consulting firm to help them understand why. It was ultimately determined that employees felt no ownership to the organization's strategic goals.

The planning process was reframed to generate more employee involvement and engage each department to define its goals and objectives in the context of the organization's goals. Then an overall action plan was created and monitored monthly.

Although not every department met its objectives, the organization as a whole achieved greater success in meeting its goals. And employees now owned the strategy.

5. **Develop the action plan.**
   Create a plan that defines the roles and responsibilities of each individual position, team, department and division in executing and supporting the company's strategies. The plan should also include a timeline for implementation and metrics for measuring success regularly.

6. **Review progress regularly.**
   Hold regular company meetings to review progress from the company perspective as well as the individual departments.

Executing strategy takes commitment from people at all levels, from executive management on down. Breaking down corporate strategy across the organization so it is directly relevant at each level — corporate, department, team and individual — helps everyone to focus on the organization's key activities. Companies that recognize and embrace this level of collaboration strengthen their chances of success.

Define & Integrate Key Processes

A new sales director at a health benefits company had recently joined the organization and quickly recognized his team's dysfunction. Specifically, because several directors and managers had led the group over a period of time, inconsistencies developed related to the work people did, the roles they held and the processes and tools they used. The end result was that customers received different levels of services and products depending on their particular sales representative. This situation existed not only in the sales group but across the organization. Each department operated in a silo — no one understood how the work they did affected another group within the company nor how it affected the customer.

Many companies do not have defined, documented processes that support their strategies. Instead, work evolves informally over time. If employees change, the way that work is executed changes with it. This scenario creates a level of instability that can cripple an organization over time, as the organization's success depends on the work style and approach of the employees carrying out the work.

Without repeatable, measurable processes, a task carried out today could be done differently by two people doing the same job or, even worse, differently by the same person.

Another cause of concern is the lack of process integration. For example, when sales processes fail to integrate with operations, customers are left with a less than satisfying experience. The lack of integration can cause, errors, rework, delays, finger-pointing, low morale and, ultimately, the loss of customers.

Without effective processes, an organization cannot deliver on its strategic objectives. How effective are your processes? Several questions you may consider as you evaluate your processes include:

- Do your business processes support your strategy?
- Are your processes internally focused or have they been developed from your customer's perspective?
- Are your processes geared to leverage growth opportunities or are they primarily oriented to cost reductions?
- Are your processes built across functional lines?
- Are your processes and workflows documented and controlled with a formal change control methodology?
- Do your employees understand your processes and the expectations and accountabilities of their specific roles?
- Does your technology support your processes?
- Do your processes meet your customers' needs?

If you answered no to one or more of these questions, consider reviewing your processes and implementing improvement initiatives. According to literature, 70% of business process improvement initiatives fail. In order to ensure a higher level of success, try the following:

1. **Support process changes at the executive level.**
   Commit your time and energy to champion the work. Provide the leadership, guidance and support your team needs.

2. **Create a strong process team.**
   The process team should consist of cross-functional subject matter experts who are high performing, objective, creative and serve as change agents.

3. **Identify and concentrate on key processes.**
   To identify these core processes of the organization, it is better to view processes from the enterprise level versus vertical business areas such as operations, finance, marketing, etc. These processes usually number less than a dozen and in many cases should be identified from the customer's point of view. Examples of these processes may include: Product Development or Order Fulfillment.

4. **Define the future desired state of the business.**
   To align processes with strategic objectives, a clear picture of the company's vision must be communicated and understood by all.

Technology's Key Role

Technology is not the solution but rather a key enabler to aligning your people and processes with your strategies. Immediate access to high-quality information is critical to an organization's success.

Technology allows you to put the right business information in the hands of everyone in the organization, providing everyone with the ability to make fact-based decisions in a quick manner. It provides the means for information flow to extend past your four walls and allow you to better understand the needs of your customers, suppliers and partners.

Technology such as data warehouses and analytical reporting applications, allow organizations to access business transactions systems (ERP, CRM, supply chain, performance management applications) and efficiently facilitate the deployment of performance metrics throughout the organization.

- Like many companies, your organization may have invested substantial amounts of money in technology. Ask yourself these questions to see if it's been worth it.
- Have you realized the business value of your investments?
- Have your technology investments been fully implemented and integrated into the day-to-day operations of the company?
- Have you underestimated the degree of difficulty of getting the technology implemented?
- Have you failed to integrate the new IT systems with business operations?
- Has resistance to change been so great that it has prevented the initiative from progressing?

If you have not realized the business value of your investments, now is the time to do so.

Your business needs to work in concert with IT to realize the value of your technology. Using a disciplined project management methodology, develop and implement a solution that meets the needs of the customers and the business. Once the newly implemented systems are in place, you are ready to maximize the value of the technology.

The most successful companies are those that have aligned their people, processes and technology with their strategies. This alignment allows them to create, maintain and sustain a competitive advantage.

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