

Lighthouse Monograph Series

The Art of Organizational Alignment

Jeff Dunlap, Ph.D.
President
Lighthouse Associates Consulting

July 2005

Overview

Have you ever wondered why some organizations seem to succeed at nearly everything they attempt, while others struggle with virtually every detail of their business? It seems true in every industry, every public employer sector, and every not-for-profit sector; some organizations exhibit excellence in everything they do, while others seem to disappoint their customers, their investors, or their constituents.

The answer often lies in the degree of alignment, or misalignment in the organization. Alignment can be thought of in its simplest form as the elimination of a business' internal secrets. By this we mean the secrets that departments and divisions keep from each other; that executives keep from each other; or that management keeps from its employees.

In a more formal sense, alignment means the coordination of all aspects of the business to ensure that every component and every employee is aiming for success in a consistent synchronized manner. It starts with the organization's mission, vision and values and permeates down through hiring practices and individual performance expectations.

Why some organizations never seem to succeed

Perhaps you have experienced an organization that cannot seem to get things right, that seems to have products that are not quite as good as they need to be, or whose employees do not seem to have the slightest idea of what constitutes good customer service. Some of us have been a part of such an organization, or know someone who has been. These organizations are often characterized by:

- Employee morale problems
- Political infighting
- Poor product or service quality
- Inefficient business processes
- Declining financial performance
- Shrinking market share
- Creative stagnation
- High turnover

So what is at the root of these problems? Is the problem incompetent management, poor marketing strategies, or bad luck? No - though management may appear incompetent, marketing strategies may seem to miss the mark, and the competition may always seem to be a step ahead. In fact, these poor performing organizations are most often simply misaligned. That is, senior managers are heading in different

directions from one another, or employees do not understand the true goals of the organization, or the manufacturing, sales and marketing departments might have different visions for a new product. There are any number of opportunities for misalignment in an organization. Misalignment in any form can seriously cripple an organization's ability to perform and succeed at its maximum potential.

“I think our organization is aligned” - Key questions to ask

Many of us, particularly if we sit at the top of an organization, may take alignment for granted. After all, we go to great lengths to explain where we expect the organization to go. We conduct management team meetings and employee forums. We do those things that ought to get the message out. But do managers and employees really understand their role in the organization? Do they understand where the business is heading? Do they understand the important issues facing the organization?

A simple test to look for organizational alignment is to randomly select an employee or manager and ask them these questions:

1. Who is your principle customer?
2. What is (are) the most important thing(s) that your customer wants from you?
3. What is the mission of this organization?
4. What are the goals of this organization?
5. What are the goals of your department?
6. How does your job contribute to the success of your department and this company?
7. How do you know if you are doing a good job?

Be sure to ask managers and employees from throughout the organization and at all levels in the organization. You may be surprised by the answers.

Key Steps in Creating an Aligned Organization

Assuming that organizational alignment is a goal for your organization, how can it be created? First, understand that creating alignment takes time and effort. There is no expedited time line for becoming “aligned”. There are however, some very specific sequential steps that an organization can take to create alignment. These are:

1. Get to know yourself. As is the case in any organization, it is critically important that the organization's leaders create a strategic vision for the organization that defines:
 - a. What the organization is

- b. What the organization does
 - c. Who the organization's customers are
2. Establish what your organization stands for
 - a. What is the organization's mission
 - b. What are the values of the organization
3. Establish and communicate organization-wide goals
 - a. Specifically relate goals to aspects of the strategic vision of the organization
 - b. Focus on results driven goals as opposed to process based goals
 - c. Ensure goals can be measured, preferably throughout the year, not just after the year is over
4. Deploy the organization-wide goals throughout the entire organization
 - a. Ensure that each location/division/department/work unit has its own set of measurable, results oriented goals
 - b. Ensure that these goals directly support the goals of the larger entity of which this group is a part
 - c. Ensure that every member of the organization is aware of these goals and understands why the goals are critical to the success of the department and the overall organization
5. Translate group specific goals into individual performance accountability statements for each manager/executive
 - a. Ensure that accountability statements are measurable throughout the year if possible
 - b. Focus on results oriented accountabilities rather than process oriented ones
 - c. Link achievement of performance accountabilities to annual bonuses
6. Translate group specific goals into individual performance standards for employees
 - a. Focus on action oriented standards that can be measured
 - b. Ensure that employees understand why and how the achievement of performance standards contributes to the success of the group and the organization
 - c. Link performance to incentive compensation bonuses
7. Create an ongoing expectation of performance reviews for managers and employees
 - a. Perform ongoing monthly or quarterly "mini" reviews as appropriate to help employees understand their success in achieving their performance expectations
 - b. Focus on eliminating roadblocks which are preventing employees from achieving their goals
8. Implement an ongoing operational review process to review the performance of each work unit, department, division, and/or location
 - a. Conduct operational reviews monthly for problem areas and quarterly for the entire organization
 - b. Group managers should present their periodic results toward achieving each of the group's goals

- c. Next level up managers/executives and same level peers should provide feedback regarding the progress of the group being reviewed
9. Conduct annual review of performance for all employees and managers
 - a. Employee reviews should occur as soon as year ends
 - b. All employee reviews should occur at the same time rather than on anniversary date
 - c. Manager/executive reviews should occur once final financial results for the year are available
 - d. Incentive compensation bonuses should be awarded once reviews are complete

Conclusion

Creating an aligned organization is a complex task. The accomplishment of this task often requires significant alteration of both HR systems and operational review systems within the organization. Our experience suggests that successful implementation of the nine steps listed above can, and perhaps should, be phased in over a 24 - 36 month period.

Clearly, there is a significant amount of work required to implement each of the above steps. However, a successfully aligned organization will see measurable improvement in financial success, customer satisfaction, and employee morale.

To learn more about creating a successfully aligned organization please contact Lighthouse Associates Consulting. One of our senior consultants will be able to discuss your current situation and assist you in performing an assessment of your current level of alignment.

Lighthouse Associates Consulting, is a management consulting firm using advanced employee relations and human resources techniques to assist organizations to achieve their mission and objectives through the implementation of integrated management systems that create alignment and operational accountability throughout the organization.

For more information contact Lighthouse Associates Consulting at 317.578.0150 or via email at jdunlap@lighthouseassociates.com.