

Aligning Employees With Strategy

Close your eyes and picture a ship...a Viking ship. Can you see it? The long wooden hull? The brilliant red and white sails?

Now imagine that ship with all the oarsmen sitting on one side. What would happen? The ship would row in circles! And the harder people worked, the faster they'd spin out of control. So why do so many companies try to execute strategies with people rowing in different directions? To realize your vision takes more than great strategy and implementation. You also need to make the strategy an integral part of the very fiber of your organization. You need to create "strategic alignment."

CREATING ALIGNMENT

Strategy drives decisions. Decisions drive actions. Actions drive results. To get the results you want, get the people who set the strategy and those who make the decisions on the same page with the people who take the actions. Alignment enables your management team to push the organization in the direction you intend. How do we get alignment? There are five basic steps that you must take:

- First, employees must have the conceptual tools in order to strategically think about their work.



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- Second, employees must understand the strategy.
- Third, strategic alignment needs to be built around the structure of the organization.
- Fourth, strategy must be reflected in the structure of individual jobs – especially those in critical areas.
- Fifth, you must have buy-in to the strategy.

1. The Conceptual Tools

Strategic alignment can only work if the employees already have the conceptual tools required for good strategic thinking. These tools include examples, role models, and training. While all employees do not need to be great strategic thinkers, they must be able to understand how their work fits into the success of the organization. They also need to understand how your business makes a profit. Show them how the strategy will make them better off, increase their job security, and increase the likelihood that they get promotions and pay increases.

2. Understanding the Strategy

There are three ways to satisfy customers: price, quality, and service. No successful business tries to be all things to all people. Good strategy requires focus, and the more strategically focused the organization, the more decisions must be made in alignment with strategy. For example, companies that supply commodities must offer the lowest prices. They may invest in efficiency while sacrificing investments in quality or service. On the other hand, a premium goods

manufacturer, like Rolls Royce, can't be deterred by customers who object to their prices, and must constantly search for ways to better serve their target clients. An organization's strategy drives its decision-making, and without a clear understanding of the strategy, employees cannot be expected to make the right decisions.

3. Organizational Structure

The structure of your company can greatly help or hinder strategic alignment. For example, it's very common in larger organizations to find a "silo effect," in which the organization is very effective vertically within one department, yet lacks efficiency and flexibility in activities requiring cross-departmental cooperation. While this effect can play in your favor if you can create silos around separate strategic business units, it may present obstacles to integrating an acquired company, or tackling organization-wide change initiatives like quality or IT. Some very successful organizations have dealt with this challenge by creating matrix organizational structures that break down silo walls by creating reporting structures for both operational function – i.e., accounting, manufacturing – and market or product – i.e., home office printers, banking industry.

4. Job Structure

The way you hire, train, compensate and retain the employees must coordinate with your strategies. For example, if you target commodity customers, you would want to follow one of two hiring policies:

1. Hire highly skilled people whose skills improve your efficiency.
2. Hire cheap people who simply cost less.

You would then want to train people to focus on efficiency and eliminating defects while offering pay systems that reward people for controlling costs. Conversely, if you have a specialty strategy, you may want to look for people who can add value to your product or service. You may also offer incentives for providing exceptional service and delighting customers. A big mistake many companies make is the tendency to use

specialty people in places where they should use commodity ones – or vice versa. While it may cost more up front, never hire a person who fails to fit your strategy. The long-term costs of a hiring mistake will be far greater!

5. Buy-In

No strategy will succeed without employee support. By providing conceptual tools and communication, you will go a long way towards getting buy-in, but you'll most likely find some people who just won't go along. In a non-strategic position, this might be possible to overlook. But in a strategic role, a lack of alignment cannot be tolerated.

When you see a lack of buy-in, ask yourself: is this objection valid? If so, re-evaluate the strategy. If not, you'd be best off parting company with the employee as soon as possible. Strategic conflict is a lose-lose-lose scenario. The employee loses by working in an organization where he or she feels conflicted and where opportunities will be limited. You lose because the strategy will most likely fail when executed by people who lack commitment. And customers lose as your organization's performance falters. Getting people to buy into a strategy means, in part, you have to get them to believe in it. Ideally, use employee input in crafting the strategy. At a minimum, make sure the strategy offers clear benefits for your employees – in terms of improved working conditions, increased compensation, new job opportunity, and/or increased job security.

ALIGNMENT EQUALS SUCCESS

When you achieve strategic alignment, you will find better support for the implementation of your strategies and more effective day-to-day use of your strategies at all levels of your organization. This will make the difference between struggling to make your vision a reality and smoothly flowing into the future you have defined.