ROPELLA™

GROWING GREAT COMPANIES

EXECUTIVE WHITE PAPER

A Critical Partnership:
Your Employees and Your Business Strategy

Realizing your vision takes more than great strategy and implementation. You need to create "stategic alignment" to make the strategy an integral part of the very fiber of your organization.

A Critical Partnership: Your Employees and Your Business Strategy

Close your eyes and picture a Viking ship. Imagine the long wooden hull; the brilliant red and white sails. Now imagine that ship has the oarsmen sitting on all sides of the boat. Additionally, they are randomly facing different directions What would happen? The ship would go absolutely nowhere – no matter how hard the oarsmen all worked, their only progress would be towards exhausting themselves.

So why do so many companies try to execute strategies with their people rowing in different directions? To realize your vision takes more than a great idea and hard work. You also need to make sure that hard work is properly directed, that your strategy is 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:

1. Strategic alignment needs to be built into the core structure of the organization.
2. Employees must understand the overall organizational strategy.
3. Employees must have the conceptual tools that allow them to strategically think about their work.
4. Strategy must be reflected in the structure of each individual job—especially those in critical areas.
5. You must have buy-in to the strategy.

1. Organizational Structure

The structure of your company can greatly help or hinder strategic alignment. It's very common in larger organizations to find a "silo effect" in which departments operate with almost complete autonomy. While this often allows these individual departments to develop their capabilities with a laser focus, it often also results in a lack of efficiency and flexibility in activities requiring cross-departmental cooperation. This effect can play in your favor if you can create silos around separate strategic business units, but it will likely 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 functions (i.e., accounting, sales, manufacturing) and market or product niches (i.e., biofuels, chlorine, cosmetics, polymers).

2. Understanding the Strategy

There are three primary ways to satisfy customers: price, quality, and service. No successful business can successfully be all things to all people, so you need to figure out where your competitive advantage lies and strategize accordingly.

Strong strategy requires strong focus and the more strategically focused the organization, the more important it is that decisions are be made in alignment with strategy. For example, companies that supply commodities must offer the lowest prices; one decision that results in a price increase could cause a significant loss of market share. 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 distracted by consumers who object to their high prices and must, instead, constantly search for ways to enhance their cars (which will, in turn, justify the high price).

An organization's strategy drives its decision making, and employees cannot be expected to make the right decisions unless they have a clear understanding of the strategy.

3. 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.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, sales, manufacturing) and market or product niches (i.e., biofuels, chlorine,cosmetics, polymers).

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. From a technical intern to the CEO, every member of the organization needs to understand how your business makes a profit. More importantly, employees today want to know that they are contributing to a better future, so make sure they understand how your organization makes a difference in the world – and show them that they are an integral piece of this puzzle. Then make it personal and show them how the proper implementation of the strategy will make them better off by increasing their job security and the likelihood that they get promotions and pay increases.

4. Job Structure

The way you hire, train, compensate and retain your employees must coordinate with your corporate strategies. For example, if you target commodity customers, you might want to follow one of two hiring policies: Hire highly skilled people whose skills improve your efficiency, or 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 innovative thinkers 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. In today's job market, with unemployment reaching record lows and job openings reaching record highs, it's easy for employers to want to take what they can get, even if the employee is not quite the right fit. While it may cost more up front, though, you should 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 will probably still 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? Is there anything I can do to bring the employee around? If so, re-evaluate the strategy and execution. 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 your 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 opportunities, 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.