

Title:

Successful Organizational Leadership: Effective Execution through Strategic Alignment

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845

Summary:

Strategic alignment is the linkage between the goals of the business and the goals of each of the key contributors. The tighter the linkage and the better the alignment, the likelihood of flawless corporate execution becomes stronger. Strategic alignment has several advantages once implemented properly and practiced.

Keywords:

business strategy, business management, business vision, marketing strategy, market planning

Article Body:

It is an all-too-familiar scenario. Corporation X misses badly on its commitments several quarters in a row and the stock plummets. As a result, the Board loses confidence, the CEO "resigns," and a new CEO is appointed who immediately announces a sweeping restructure of the corporation.

In the past few years, papers have been inundated with such reports. Even at corporations where top-level executives show signs of "vision" and have articulated what seems to be a sound business strategy on paper, results fall short of expectations.

We have all been there at one point or another in our careers. The leadership team spends long hours agreeing on a 3- or 5-year strategy to improve the performance of the business. Management teams work equally hard to come up with supportive annual budgets. Both teams populate long PowerPoint presentations and well-built, exhaustive spreadsheet files. Yet not much happens in terms of actual deliverables! Ambitious year-end targets are missed. Improvement curves keep being shifted to the right, until the scenario at the beginning of this article is realized. Now the process for restructure of the corporation begins.

Questions immediately arise as to why these events occur so often and include:

- What has gone wrong and why?
- Are the goals too aggressive?

- Are the visions and/or strategies inadequate?
- Are middle managers unable to execute?
- If the answer is yes to all these questions, then why is it so?

All are good questions, and many have been extensively addressed with proposals on how to find corresponding solutions. Based on my experience, however, a key element that needs to be addressed is the importance of strategic alignment.

What is strategic alignment?

Strategic alignment can be described as the linkage between the goals of the business, which quantify the progress of the implementation of the strategy towards the vision, and the goals of each of the key contributors. Key contributors include groups, divisions, business units, departments, or individual employees who have an interest in the continuation of a successful corporation.

Strategic alignment, put simply, is "everyone rowing in the same direction." The tighter the linkage and the better the alignment, the likelihood of flawless corporate execution becomes stronger.

Strategic alignment has several advantages once implemented properly and practiced. Benefits include:

1. Allowing an efficient use of usually scarce resources,
2. Resulting in increased speed of execution, as a corollary,
3. Promoting team efforts towards common goals, and
4. Escalating employees' motivation, giving them a keener sense of contribution to the results of their individual groups and of the corporation as a whole.

These are good results that many corporations would benefit from, but very few corporations are able to realize them. Since many corporations and their leadership teams attempt to gain strategic alignment, the question becomes what barriers must be overcome.

How can strategic alignment be implemented effectively and what are the key success factors?

The first component of a successful strategic alignment is the extensive communication necessary within the organization to understand the elements of the vision and of the key strategic directions needed. Relentless repetition by the leadership and management teams at every opportunity, including sales meetings, company meetings, and operational business reviews allow each employee to understand vividly how he/she can contribute to the overall progress. More

often than not, however, these vital communication opportunities are restricted to boring presentations of high-level tables filled with data that are difficult for employees to associate with their day-to-day jobs.

The second component of a successful strategic alignment is absolutely essential to link the results of each employee's job to the progress of the entire corporation strategy and to do it clearly and simply. This is best accomplished by using simple measures of key performances (KBMs= key business metrics, or KPMs= key performance metrics), which can be connected to the employee's annual performance review.

One excellent example of effective strategic alignment is practiced at Thermo Electron Corporation, a leader in the field of analytical instrumentation, headquartered in Waltham, MA. Thermo Electron uses a cascading set of goals that quantitatively measure the progress of the strategic implementation. This "waterfall effect" or "goal tree" starts at the very top of the corporation and cascades down to all levels of the organization - from Corporation to Divisions; from Divisions to Business Units; from Business Units to Departments, and from Departments to Employees.

When it reaches the employee, the objectives are incorporated into her/his annual performance targets and these objectives directly support the key goals from the highest levels of the organization. This ensures both focus and alignment as the employee daily delivers on their objectives. Objectives are rolled back up the "waterfall" or "goal tree" in periodic reviews of goals at all levels in the organization.

Implementing strategic alignment is not rocket science. It requires, however, strong commitment from the top leadership and focus on relentless communication at every opportunity using simple management principles of focus, clarity and reinforcement.

In the end, effective execution of strategic alignment is a leader's top priority and ensures that goals are met and success achieved.