

# 5 Principles for Creating Organizational Alignment

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## Strategy should drive process, systems, roles, and structure – key elements of every organization.

Some time ago I was working in an organization where a number of business leaders were frustrated with a new accounting system that had just been implemented. Not everyone was frustrated. The finance department really liked it because it made their job easier. Those working in the various business units were the ones who were frustrated because it was more difficult to get the information they wanted to run their business. This example is all too familiar. The concept of alignment is simple enough, but somehow improvements in one part of an organization often make things difficult for others and more difficult to respond to customer needs.

We all intuitively understand the value of alignment and how much better the organization would function if silos didn't exist and if everyone were working together, with the same goals and the same end in mind. Organizations that are well aligned have clarity about what matters most. There is much more time, effort and emphasis on meeting the needs of external customers and external stakeholders than there is on working through internal

differences and turf battles. Employees in well-aligned companies can articulate what differentiates their company versus their competitors and they recognize the role they play in creating competitive advantage

I recently wrote an article outlining five organization misalignments that hurt rather than help business performance, but how do organizations achieve alignment? How do they create the kind of processes, systems, structure, and roles that get the entire organization aligned to most effectively take care of those that matter most – customers and other critical external stakeholders?

As one who has spent most of my career focused on a wide variety of transformation efforts, I have observed five principles that are critical for creating a well-aligned organization.

### Begin Outside In

Without beginning outside in, there is no such thing as real alignment. You can spend a significant amount of time making internal processes and systems work together, but if those improvements are not aimed at a common external target, you may simply be getting much better at going the wrong direction. Any individual car driving on a one-way street can claim with confidence that they are going the right direction but that does not mean they are in sync with what others around them are

doing. There are many ways to get outside in data and many ways to assimilate what that data means. And being thorough about your approach to an outside-in approach is not easy but it is paramount if you want an aligned organization. Applying this principle in an effective way sets the stage for the organization to be aligned around a forward-looking aspirational strategic intent. Without outside in guidance, you can only hope your improvement efforts will be helpful.

### Be Clear About What You Are Optimizing

Outside-in data provides the starting point. The next step is being clear about what it means – the “so what” for why you started looking on the outside to begin with. The ultimate translation of outside-in information is a determination of what you are going to optimize inside of the organization. What work creates advantage for your business? What is your brand identity that everyone needs to be focused on? The answers to these questions determines what you are aligning to, something that is often surprisingly missing in change efforts. It creates focus on where handoffs need to be eliminated. It also means that some work may become more difficult in order to properly support the work you are optimizing. Clarity on what you are optimizing helps inform which direction

requirements flow in the organization. If requirements flow equally all directions between all functions, you will not have an aligned organization.

### **All Capabilities (And All Work) Are Not Created Equal**

The decision on your optimization focus leads directly in to another step in the alignment process: the decision about the capabilities and work that drive the optimization. Some work needs to be designed using an effectiveness lens; other work should be designed using efficiency logic. This principle is where you get ultimate clarity on who is the tail and who is the dog. The work that drives effectiveness and creates advantage should never be at the mercy of the work that is simply required to keep your business running. And the efficiency work requirements should be based upon how it best meets the needs and demands of the capabilities and work that create advantage.

### **Strategy Drives Organization:**

For years, I have heard people use the phrase “strategy drives structure.” That is accurate but incomplete. Strategy should drive process, systems, roles, and structure – key elements of every organization. For alignment to occur, each of these design levers needs attention and needs to be addressed as part the change and alignment effort. It involves looking at your organization as a system rather than independent parts. Alignment occurs when each of these elements are designed in a way that focuses on the key capabilities that deliver customer value.

**Alignment Requires Proper Sequencing and Scoping:** To be able to align the organization to effectively deliver to external stakeholders, some changes have to happen before others can begin. A number of years ago I was doing work in an organization that had a plethora of organization improvement efforts going on. I was asked to join a meeting to help sort out how to

align the outcomes of all of these efforts. My contribution was not well received. As I listened and evaluated where they were at, I expressed my view that proper alignment is at least partially dependent upon a proper scope and the right sequence. It needs to be built into the front end of the project. A majority of the projects they were working on had both overlapping and fragmented project scopes. Making sense of it on the backend could be done only by consolidating much of what had been done and in some cases starting over.

Alignment is easy to talk about but difficult to accomplish. Often alignment activity will require change in things that are working in order to better support where you are headed in the future. The difficulty is well worth the journey if you have the commitment and staying power to make it happen.

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