

# The Power of Alignment

Survey Conducted September 2011 to January 2012

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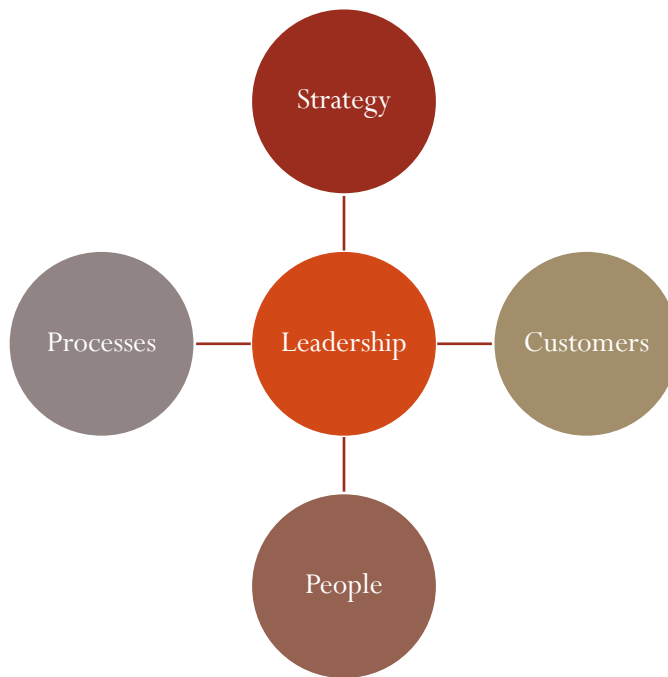
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## Creating Alignment to Impact Performance and Customer Loyalty

In his book *The Power of Alignment*, George Labovitz makes the point that aligned organizations outperform misaligned organizations one hundred percent of the time. The purpose of this survey and white paper is to demonstrate within a demographically diverse group, using a four layer organizational structure what the current status of vertical and horizontal alignment is. We refer to vertical alignment as the condition that exists when the talent within an organization clearly understands, can articulate and is effectively executing the strategic plan. Horizontal alignment exists when the organizations processes are supported by the available talent in such a way that they create customer satisfaction and loyalty.

## The Alignment Survey Elements

The core areas contained in the Pulse Check Alignment survey are as follows:



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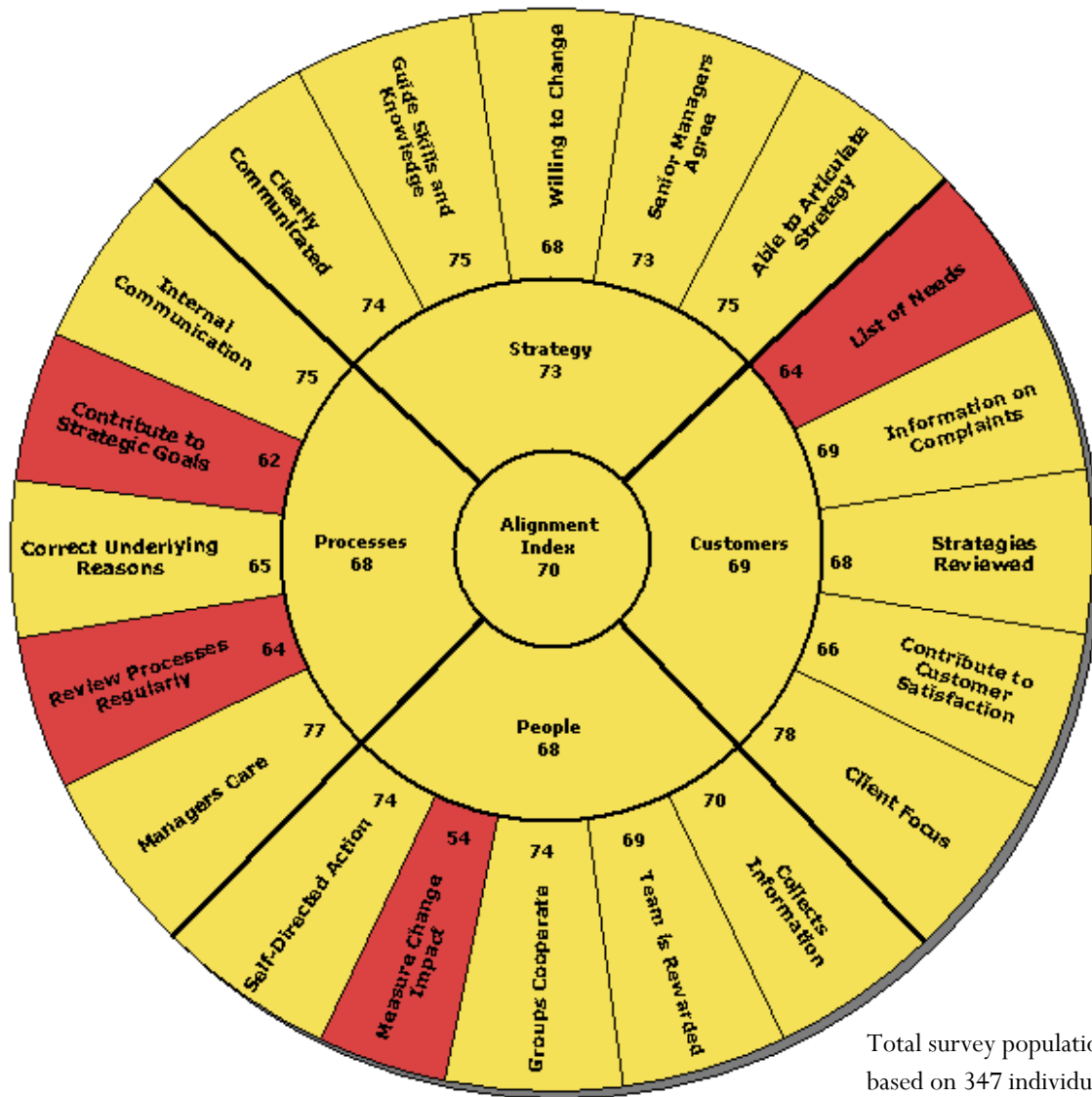
“Aligned companies outperform their competition by every metric measured.”

George Labovitz PhD *The Power of Alignment*

As an organization it is critical that we continue to measure how our ongoing actions as well as our interactions align with the requirements of our clients. In order for an organization to successfully compete in the same market space they have to be able to differentiate themselves in ways that resonate with their clients. The only way to do that is to work together as one team with one focus. It is critical for all of the talent within an organization to understand what the overarching goal is for that company and match their ongoing efforts to the successful execution of the strategic plan.

Most organizations fundamentally agree that to be successful they must focus their efforts on satisfying the customer. Most organizations also espouse the theory that their people are their most valuable asset. Great companies embody both of these concepts and through the efforts of the entire team make customer satisfaction and loyalty their prime objective. The results that we share with you here would suggest that there is still much room for improvement.

## The Pulse Check Alignment Survey Summary – Total Results



Total survey population results based on 347 individual entries

## The Metrics

Most businesses hold themselves to a higher standard with respect to how they view passing vs. failing grades. In this paper we have applied a three tiered approach to viewing the results of survey data.

<b>Best practices and alignment are evident</b>	90+
<b>There is room for improvement</b>	75 to 89
<b>We have issues to address sooner rather than later</b>	Less than 75

## Understanding the Results

The graph depicted on page 2 represents the compiled results across all four levels of organizational responsibility.

When completing the survey, participants were asked to identify their role in the organization. The choices were as follows:

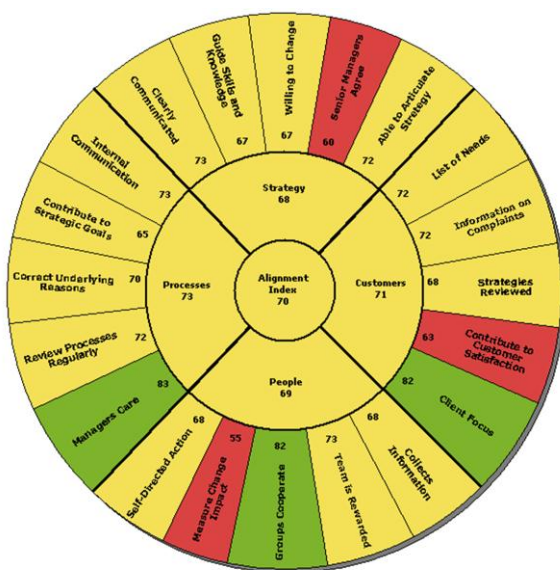
Senior leadership – I am a member of the senior leadership team for my organization and help to create the strategic vision.

Leader of Leaders – I have a team of leaders that manage individual contributors reporting to me

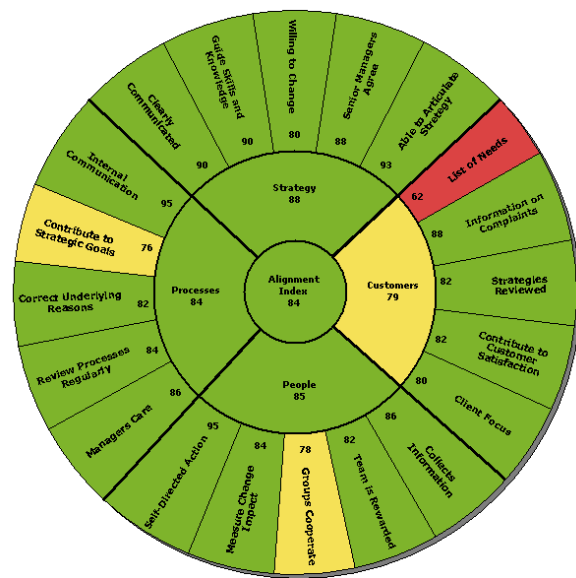
Leader of Others – I manage a team of individual contributors

Individual Contributor – I am responsible for my own actions in the organization that employs me

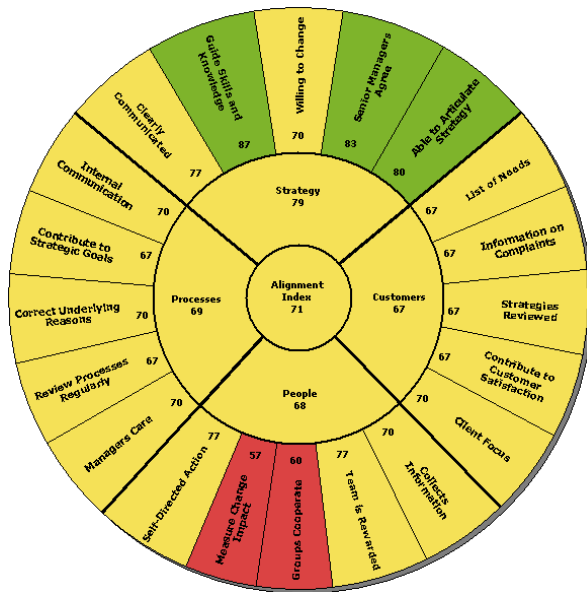
When all of the data from the survey is combined and displayed on one chart a best practices organization would expect to see a graph that is primarily colored green. The fact that the combined data from this survey generates a graph that is primarily yellow there would be cause for concern within an individual organization. It is interesting to note the differences between the four demographic groupings as shown below.



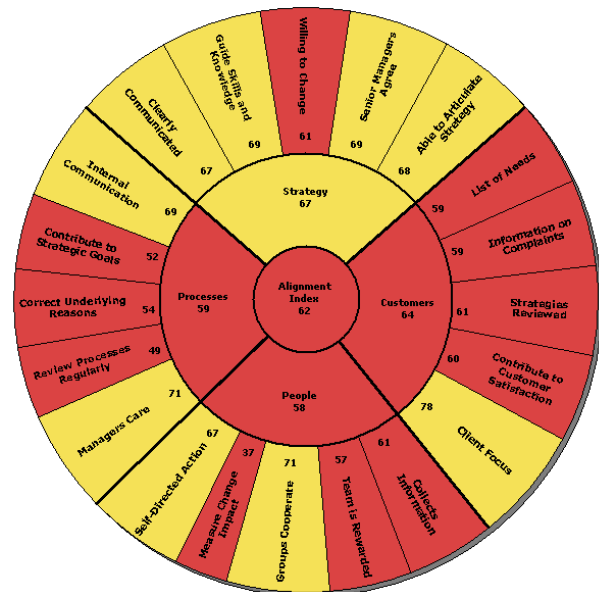
Senior Leadership



Leader of Leaders



Leader of Others



Individual Contributor

The data suggests that senior leadership has a healthy appreciation of what is at play within the organization, certainly more so than the group that reports directly to them. The leaders of leaders see an organization that is close to being fully aligned with the exception of one area. That area pertains to having an agreed upon prioritized list of what is important to the customer.

The leadership group that is closest to the front lines has a high degree of belief in the strategy and feels that they understand and can articulate what is required to effectively implement that strategy. Their people concerns are that groups within the organization don't cooperate to achieve customer satisfaction (evidence of silos) and the fact that when processes are changed there is no measurement of the impact on their direct reports.

Given that strategy is executed from the ground up the fact that the individual contributor group are experiencing major challenges in the areas of process, customer and people is quite concerning. This is likely the residual effect of organizations doing too much with too little since the economic meltdown in 2007 – 2009. This demographic group feels as though they are stranded on the front lines with little support from their leadership team.

## Strengths – Total Data Set

No.	Analysis Factors	Question	Mean
1	Client Focus	10 Everyone in the organization is focused on delivering superior customer service	78
2	Managers Care	16 Our managers care about how work gets done as well as about the results.	77
3	Internal Communication	20 The information I share with my manager with respect to what works and what doesn't work is communicated to senior leadership	75
4	Guide Skills and Knowledge	2 Organizational strategies guide the identification of skills, knowledge and development I need to be successful in my role.	75
5	Able to Articulate Strategy	5 If asked I would be able to articulate the strategic vision that senior leadership has for our organization	75

The great news is that from the total data set the top five strengths that were identified fit with the most recent survey of CEO's conducted by the Conference Board in April 2011. The top five concerns of the CEO's that completed that survey were:

- Business growth
- Talent
- Cost optimization
- Innovation
- Government regulation

The fact that the Pulse Check Alignment survey identifies customer focus as the top strength in the organizations that participated sets the stage for business growth. Knowing that there is a strong belief within these organizations that all team members would be able to articulate the strategic vision that senior leadership has set should translate into solid execution. In order for an organization to develop the required talent it is critical that leadership has the capacity to build effective working relationships with every member of the team. Based on the results of this survey there is good reason to believe that capability exists in many organizations. This group felt that managers care not just about results but about how they were achieved. They also believe that internal communications is a strength in their organizations.

The top five rated areas ranged in mean average from a score of 75 to 78. Applying the three tiered model of metrics discussed earlier suggests that there is still work to be done in many organizations. The challenge is in implementing an action plan based on the benchmarks provided by this survey data. The predictive matrix output from this survey clearly points to challenges in the area of process within the organizations surveyed. The action plan from this data set would be to review the following areas;

- There is a strong indication that processes currently in place do not contribute to the achievement of strategic goals (mean average was 62). While the group identified that they felt all members of the team were able to articulate the strategic vision standard deviation indicated that they felt this area was important and currently underperforming. An organizational review of processes with all stake holders would be highly recommended.
- The response to the question "We review our work processes regularly to see how well they are functioning" generated a mean average of 64. These organizations should be setting aside the appropriate time for a review process. In a time where most organizations are faced with the prospects of having to continue to do more with less this can appear to be a daunting task. Best practices organizations understand the importance of stepping back and reviewing not only progress but process. From time to time our processes get out of alignment with the delivery of great customer service.
- This group felt that when something goes wrong the appropriate actions were not taken to ensure the same thing wouldn't happen again (mean average was 65). Best practices organizations look for continuous improvement opportunities. A score of 65 would suggest that the organizations surveyed require their people to develop work around strategies when a problem occurs. W. Edwards Deming, the father of the total quality movement, would propose that these organizations adopt a process of innovation that includes building quality into a product throughout production and working constantly to improve quality and productivity. Deming was also a proponent of the elimination of management by objectives. Alternatively organizations should look to learn the capabilities of processes and how to improve them.

## Strengths – Senior Leadership

No.	Analysis Factors		Question	Mean
1	Managers Care	16	Our managers care about how work gets done as well as about the results.	83
2	Groups Cooperate	13	Groups within the organization cooperate to achieve customer satisfaction.	82
3	Client Focus	10	Everyone in the organization is focused on delivering superior customer service	82
4	Internal Communication	20	The information I share with my manager with respect to what works and what doesn't work is communicated to senior leadership	73
5	Team is Rewarded	12	My work unit or team is rewarded for our performance as a team.	73

## Strengths – Leaders of Leaders

No.	Analysis Factors		Question	Mean
1	Self-Directed Action	15	I work with my immediate supervisor to establish my targets and then have the autonomy to create the plan to achieve the targets we have agreed upon	95
2	Internal Communication	20	The information I share with my manager with respect to what works and what doesn't work is communicated to senior leadership	95
3	Able to Articulate Strategy	5	If asked I would be able to articulate the strategic vision that senior leadership has for our organization	93
4	Clearly Communicated	1	Organizational strategies are clearly and regularly communicated to me.	90
5	Guide Skills and Knowledge	2	Organizational strategies guide the identification of skills, knowledge and development I need to be successful in my role.	90

## Strengths – Leaders of Others

No.	Analysis Factors		Question	Mean
1	Guide Skills and Knowledge	2	Organizational strategies guide the identification of skills, knowledge and development I need to be successful in my role.	87
2	Senior Managers Agree	4	Our senior managers agree on the organizational strategy.	83
3	Able to Articulate Strategy	5	If asked I would be able to articulate the strategic vision that senior leadership has for our organization	80
4	Team is Rewarded	12	My work unit or team is rewarded for our performance as a team.	77
5	Self-Directed Action	15	I work with my immediate supervisor to establish my targets and then have the autonomy to create the plan to achieve the targets we have agreed upon	77

## Strengths – Individual Contributors

No.	Analysis Factors		Question	Mean
1	Client Focus	10	Everyone in the organization is focused on delivering superior customer service	78
2	Groups Cooperate	13	Groups within the organization cooperate to achieve customer satisfaction.	71
3	Managers Care	16	Our managers care about how work gets done as well as about the results.	71
4	Guide Skills and Knowledge	2	Organizational strategies guide the identification of skills, knowledge and development I need to be successful in my role.	69
5	Senior Managers Agree	4	Our senior managers agree on the organizational strategy.	69

Four of the top five items with this group offer a thirty percent chance of improvement. Given that seventy to eighty percent of an organizations workforce can be found in individual contributor roles the prospects of having a highly engaged workforce are suspect. Any organization that is experiencing this level of discomfort on the part of their front line staff will never execute their strategic plan effectively. This thirty percent gap places these companies at a distinct competitive disadvantage.

## Areas of Opportunity...The Bottom Five

No.	Analysis Factors		Question	Mean
1	Measure Change Impact	14	When processes are changed, the impact on employee satisfaction is measured.	<b>54</b>
2	Contribute to Strategic Goals	19	Processes are reviewed to ensure they contribute to the achievement of strategic goals.	<b>62</b>
3	Review Processes Regularly	17	We review our work processes regularly to see how well they are functioning.	<b>64</b>
4	List of Needs	6	For each service our organization provides, there is an agreed-upon, prioritized list of what customers care about.	<b>64</b>
5	Correct Underlying Reasons	18	When something goes wrong, we correct the underlying reasons so that the problem will not happen again.	65

Three of the bottom five items from the survey fall within the process category. We've already identified the actionable items from our predictive matrix. Those are the areas that are considered by the group to be important but underperforming. The table above acknowledges the major causes of misalignment in the organizations surveyed. The main contributor to low employee engagement in this group is the fact that when changes are made to processes the companies don't stop to see what the impact is on their people. Best practices organizations invest the time to ensure that changes that have been implemented have the desired positive impact not just for the customer but for their most prized asset...their people.

Let's take a look at the individual contributor results to get a better sense as to the level of engagement on the part of the largest workforce population. The item "Measure Change Impact" ranks as the lowest within this grouping of the workforce just as it did in the total data set. As you review the following table, ask yourself how an organization can expect to successfully execute on their strategic vision or deliver exceptional customer service when their front line employees feel the way these responses would indicate they do.



No.	Analysis Factors		Question	Mean
1	Measure Change Impact	14	When processes are changed, the impact on employee satisfaction is measured.	37
2	Review Processes Regularly	17	We review our work processes regularly to see how well they are functioning.	49
3	Contribute to Strategic Goals	19	Processes are reviewed to ensure they contribute to the achievement of strategic goals.	52
4	Correct Underlying Reasons	18	When something goes wrong, we correct the underlying reasons so that the problem will not happen again.	54
5	Team is Rewarded	12	My work unit or team is rewarded for our performance as a team.	57

## Comparative View – Senior Leadership & Individual Contributors

No.	Category/Factor/Item	Senior Leadership Team	Individual Contributors
1	Strategy	68	67
2	Clearly Communicated	73	67
3	Guide Skills and Knowledge	67	69
4	Willing to Change	67	61
5	Senior Managers Agree	60	69
6	Able to Articulate Strategy	72	68
7	Customers	71	64
8	List of Needs	72	59
9	Information on Complaints	72	59
10	Strategies Reviewed	68	61
11	Contribute to Customer Satisfaction	63	60
12	Client Focus	82	78
13	People	69	58
14	Collects Information	68	61
15	Team is Rewarded	73	57
16	Groups Cooperate	82	71
17	Measure Change Impact	55	37
18	Self-Directed Action	68	67
19	Processes	73	59
20	Managers Care	83	71
21	Review Processes Regularly	72	49
22	Correct Underlying Reasons	70	54
23	Contribute to Strategic Goals	65	52
24	Internal Communication	73	69

While some gaps do exist in the point of view from the top of the organization vs. the bottom it is incredible how closely aligned these two workforce groupings are in their view of the organization. The greatest disconnects are in the areas of customers and processes. It is clear that those on the front lines have a different view of the world than senior leadership when it comes to working as a cohesive team to satisfy the customer.

## Conclusions

This is the starting point of what we hope will be an annual survey. As such it represents a benchmark of sorts as to the state of affairs within a very broad group of organizations. In order for data such as we have gathered here to be most usable for a specific organization it should really be provided by the workforce of that organization. Some correlations may exist between this data and your own organization however it is always best to work with information that is current and pertinent when making decisions regarding strategy, planning and performance measurement.

There is definitely room for improvement based on the results shared in this document. The overall bottom five and the bottom five that is based on the responses of the individual contributors surveyed would be great areas for any organization to take a deeper look at. The predictive matrix that is based on the responses to the survey by the group of individual contributors suggests that the top three items for us to consider would be:

1. Processes are reviewed to ensure that they contribute to the achievement of strategic goals.
2. Groups within the organization cooperate to achieve customer satisfaction.
3. People here are willing to change when new organizational strategies require it.

