

Balance Alignment with Agility to Achieve Culture

By Anna Tavis

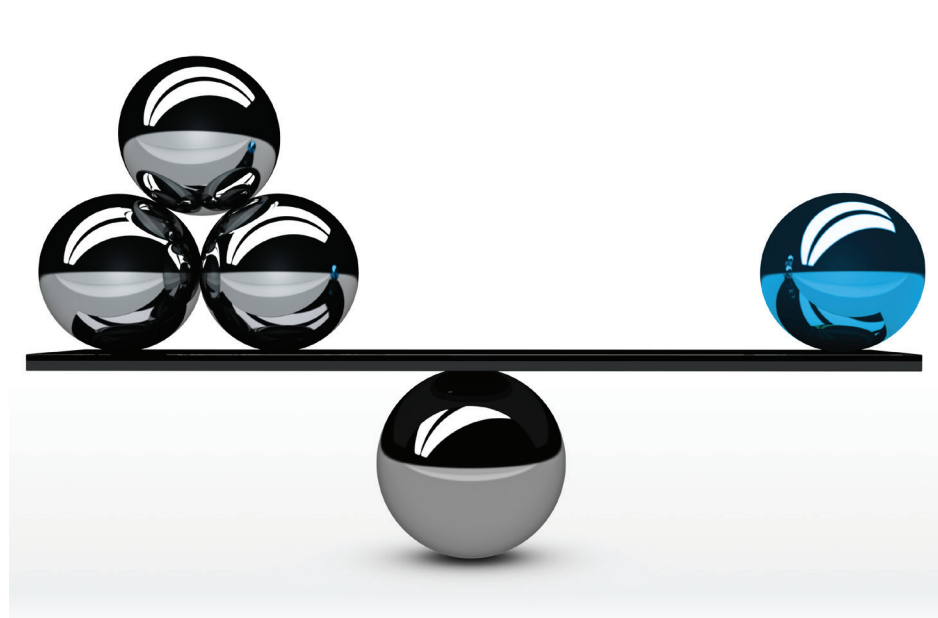
Calls for organizational alignment have headlined strategy publications for the last 20 years. A McKinsey 2014 paper, “The Aligned Organization,” summed up the claim that achieving real alignment gave an organization a strategic advantage. “It has a clearer sense of what to do at any given time, and it can trust people to move in the right direction.”

Not so fast, caution our lead authors, Amy Kates and Greg Kesler. Speaking from the vantage point of their global organization design practice, they have discovered that organizations have become too complex and the pace of change has accelerated so fast that complete alignment has become unachievable in practical terms. In theory, alignment is still a worthy aspiration. In practice, it is too internally focused and consumes too many resources and too much time to be effective.

Through years of practice, Kates and Kesler arrived at an elegant and effective formula. Align where it is most important, focus on nodes of high risk and high impact, and invest in high-trust relationships where high-impact connections make a difference. Do not overlook the importance of critical conversations. Finally, differentially invest leadership energy and formal structures in mission critical nodes. Along comes the list of 2020 alignment priorities in digital strategy, new business models, and growth markets.

Here, four HR leaders from Red Hat, Kellogg Company, Cargill, and BNY Mellon share their experience and perspective on when and how to align.

DeLisa Alexander, CHRO of Red Hat, explains how important shared mission and values are for their fast paced, client focused technology culture. Open source approach is key with everyone contributing to the discussion. “Rather than seeking to



Just like strategy, alignment is as much about where you choose not to focus and expend scarce management time and attention as where you do.

align everyone at once, the team made the strategic decision to work openly, inviting the entire company to see and contribute to their efforts.” The outcome is exactly the desired culture of high alignment, engagement and innovation.

Melissa Howell, CHRO of Kellogg Company, focuses her attention on the alignment at the executive team level. “Go slow to go fast is the right principle here” she writes. Guided by Kates and Kesler’s approach to alignment, her important lesson is to invest the time upfront “to have the right conversations upfront pays off in quick execution every time.”

LeighAnne Baker, Cargill’s CHRO, tells us that her company is “too big, too diverse, and too complex to attempt alignment across more than a few critical corporate center-led guideposts.” It is the role of HR at Cargill to

identify those critical points that call for center-led alignment.

Monique R. Herena, CHRO of BNY Mellon, sees balancing alignment and agility as part of her role at a firm-wide level. At BNY Mellon, alignment is not about consensus on all issues but about setting up a protocol for decision making. If the decision process is clear, such alignment becomes a performance accelerator, not an obstacle, she argues.

This Perspective makes a strong case for companies to take up alignment in the context of organization priorities. Kates and Kesler call for investing in alignment only when it makes a real business difference.

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POINT

Don't Chase Alignment

By Greg Kesler and Amy Kates

The term “alignment” has fallen out of fashion, and for good reason. In a business world where decision cycle time is ever faster and even the biggest companies seek to be agile, alignment can feel synonymous with static, stagnant, and slow.

We have worked as organization designers with large and small growth companies around the world for more than 25 years. We were trained that the greater the alignment, the easier it is to execute complex strategies with speed and quality. But, what we have found is that while alignment is still a worthy goal, trying to align all parts of a complex organization around a given strategy in a fast-moving world is nearly impossible. The collaboration and internal focus needed to gain that alignment across the enterprise is too expensive and time consuming. It is not a goal worth pursuing.

Here is what we have learned. Focus alignment efforts on the high-risk and high-value nodes and connection points where the various dimensions of the organization come together. Look for the intersections across global and local businesses, as well as functions, in the new model that will require different muscle.

Transformation efforts fail when the strategy demands new interactions and new outcomes across organizational boundaries, and not enough attention has been put into real alignment at these critical interfaces.

The Alignment Challenge

Digital strategies. The critical connections here are among the product groups creating the content, the marketing groups building customer engagement, e-commerce groups driving new go-to-market models, and the technology groups building the pipelines. Too often in a desire to create simplicity, “digital” ownership is given

to one of these groups and the wiring across is never completed.

New business models. Many business leaders are savvy about building incubators, fostering start-ups, and partnering with third parties, or acquiring new capabilities. The gap we often see is connecting the new businesses back to the assets of the core business at critical junctures, such as technology and product platforms, sales relationships, or infrastructure.

Product/market growth opportunities. Companies with multiple product lines that sell into multiple countries or markets often have difficulty differenti-

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ating across opportunities. Investments are spread too thin. Alignment efforts here should be focused on the few nodes where priority product lines and high-growth markets meet. Put energy into planning and business review processes and decisions rights clarity where better and faster decisions will have exponential payoff.

Most companies we work with neglect formalizing these high-impact connections and conversations. The reality is that small companies run on relationships and a whole lot of process isn't needed. Even with up to 1,000 employees, an extended leadership team that has grown the business together can run a company fairly informally from a management process perspective. Alignment comes naturally. Leaders know each other's strengths, many have played multiple roles over the years, and they trust one another. When there is a conflict, they have patterns of behavior and rituals to work it through.

High-trust relationships are important in a business of any size, but solely relying on relationships is challenged in at least two ways as a company grows. As the business diversifies—into new products and services, markets, and geographies, the conflicts are rooted in

strategic challenges where difficult trade-offs have to be made across brands, products, and markets.

Second, new leaders brought in at mid to senior levels flounder when they try to navigate a culture where alignment is only through relationships. Lack of strong mechanisms to drive alignment can become a significant barrier to strategy execution.

Every leadership team needs to align on *enterprise strategy*—to guide trade-offs at the business unit and market level—and *priority enterprise initiatives*—to guide where people put time and energy. After attending to these two topics, put your energy into the *nodes where value is created*—to guide the right conversations and decisions.

The role of HR is to help identify the nodes where alignment will make a difference, diagnose misalignment that create risks, and provide leaders with the tools to have the right conversations. Just like strategy, alignment is as much about where you choose *not* to focus and expend scarce management time and attention as it is where you do.

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COUNTERPOINT

Align on What Matters Most

By DeLisa Alexander

At Red Hat, openness and transparency are infused into everything we do, from the way we create technology to how we communicate. We are a mission-based, purpose-driven organization, and company-wide alignment will always be crucial for some of our decisions. But there are times when complete alignment isn't necessary—or even plausible—until a project or idea reaches a certain level of maturity.

Many organizations miss opportunities to align everyone on guiding

principles and values. But for a company like ours, these things can't simply be written and handed down by our leadership team. When we set out to create our mission statement in 2008, for example, we wanted to be sure that each and every Red Hatter truly understood what we're here to do and why each word was chosen. We wanted them to see themselves in our mission.

We approached it in an open-source way and invited all of our then-2,000-plus Red Hatters to contribute and offer feedback. Our approach to alignment involves more effort, transparent communication, and often times spirited debate. But we're accustomed to some tension and disagreement—this kind of passion is what makes our company unique and contributes to our strategic competitive advantage.

More than eight years later, we've grown to more than 10,000 associates, and our mission statement continues to resonate. Now we're faced with the challenge of bringing more clarity to the behaviors that support our mission and values so that we can scale and sustain our culture as we grow. Here again, we're seeking alignment through an open and inclusive approach.

For something as foundational as a mission statement or your values, I believe that it's always worth the tremendous amount of time and investment it takes to engage your organization and reach full alignment.

To Align, or Not to Align?

On the other hand, in the fast-moving tech industry, we've also found great value in putting our time and energy into rapid prototyping, rather than pursuing alignment. Having the flexibility to spin up ideas quickly with a few key groups enables us to see if they resonate before applying them mainstream.

Here's an example. We took this approach when we noticed a gap in how we enable our salesforce. As a company, we historically worked in silos to provide training and support our customer-facing associates. But as our products increase in complexity, so do the skills needed to sell those products.

These days, it takes the expertise and perspective of more than just

one function to transform our selling motion. Our industry won't wait for us to attempt to align the entire company on a single approach or reorganize everyone internally to support it. So instead, we focused on aligning a few key groups and leaders, working together to form a small (but mighty) sales enablement team. Rather than seeking to align everyone at once, the team made the strategic decision to work openly, inviting the entire company to see and contribute to their efforts.

This starting point helped us to channel our efforts more efficiently through the groups that work directly with our sales professionals and partners. We didn't strive for perfection or total clarity, we strived for focus. Through a discovery process, we identified gaps in our training, messaging,

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and workstreams. By working openly and collaboratively with anyone who was interested in contributing, we saw a groundswell of support. Alignment began to build organically, from a basis of trust and respect for our efforts.

As our strategy continues to mature, we hope to see this transformation filter through the entire company, ultimately impacting Red Hat's success in the market.

So while there are no clearly defined thresholds that will apply to every organization, it is critical for leaders to stay tuned into what matters to their people and company culture. By considering what level of alignment is needed for different types of projects, and at different points in a project's life cycle, you can build a foundation of trust that enables future success.

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Executive Alignment for Change

By Melissa Howell

The pace and the scale of change in business has reached new highs. The need to align the top executive team remains a priority, but we have to get more creative and maybe a little more tough-minded in how we go about it.

Time and calories are wasted when we think we have aligned the executive team around a complex transformation agenda, only to find later—when the changes become real—that we were not as aligned as we may have thought. It may be because we were working in broad terms without enough specifics. But often it's that we weren't really being candid about the impact a change in the operating model, or our organization structures, might have on individual executives.

Distorting investments and realigning resources to future growth opportunities often means someone wins and someone else loses, at least in the short term. Our goal is for customers and shareholders to win, but it's better to be candid about the internal impact of change than to slide the hard stuff under the carpet, or delay hard conversations in hope that it all goes away.

"Go slow to go fast" is right principle here, and the time taken to have the right conversations upfront pays off in quick execution every time.

With today's pace of change it's more important to get alignment at the top on the critical few, as Kates and Kesler point out in this article. It is also important to get alignment on the core principles that will guide the many initiatives that most of us have on our plates. I'm not talking about broad brush generalities, but clearly defined operating or design principles that set up guardrails for empowered teams to drive change quickly, while staying aligned with our growth strategies and the core operating model of the company.

Major change requires a strong leader who will say, "Ok, we have heard enough, and now we are going to move in this direction," especially when you

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have a diverse team and a history of resolving everything by consensus. Once we've heard all the voices, the top executive can make a call, and team members should feel accountable to act consistently once we all leave the room.

The hardest test of alignment comes later, when things get real. Once the top team is aligned around the critical few priorities and principles that will guide those initiatives, we must bring ourselves back to those agreements on a regular basis. As specific proposals are brought forward by teams that are driving change, we must hold them and ourselves accountable to these key points of alignment. Use those change principles to pull senior leaders back away from their personal agendas—agendas that are perfectly natural for high-performers to have.

The CHRO has always had an obligation to hold the mirror up to the senior leadership team, but that work may require more grit today than in the past. The important conversations won't be the easy ones. Calling out passive-aggressive behaviors and working on norms of behavior with the top team is core to leading change. The CHRO must act with courage, be comfortable with degrees of conflict, and at the same time build trust with her colleagues so that her objective is focused on customers, growing the business, and creating shareholder value.

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Cargill's Path to Integration

By LeighAnne Baker

In December 2015, Cargill implemented one of the largest corporate organizational transformations in

its history. A 150-year-old company, Cargill has experienced phenomenal growth over the past several decades. The former organization design was a confederation of over 65 separate business units loosely held together across common platforms. The new design arranged larger business groups into five enterprises. The new executive team consisted of the CEO, CFO, CHRO, the five enterprise leaders, and the leaders for business operations and supply chain and Cargill business solutions, a large shared-service organization.

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Our own experience in large scale transformation reaffirms the value of organizational alignment on strategy to guide where we focus and invest. The new executive team has been clear on what is center-led, and the result is that few things are centralized. For Cargill, top talent, culture, thought leadership, and stakeholder management, capital allocation and resource planning, corporate reputation—including risk and compliance—all serve as center-led alignment mechanisms. Cargill is too big, too diverse, and too complex to attempt alignment across more than a few critical corporate center-led guideposts. In this sense, we agree with the concept of focusing alignment efforts on high risk and high value nodes and connection points. To attempt otherwise would slow the speed and agility Cargill so deeply required in today's fast-changing world.

After the new organization was established, the executive team turned its attention to corporate and enterprise strategy. Cargill's purpose was revised to reflect the strategic direction: "Cargill will be the leader in nourishing the world in a safe, responsible, and sustainable way." New leadership expectations combined with an inte-

grated talent management strategy set the vision for the new leadership model and all aspects of the integrated talent management system are currently being realigned to these leadership aspirations and expected behaviors.

Strategic execution requires working across our global organization and calls out the need for knowing where coordination, communication, and decision-making matters the most to achieve our goals. Cargill's human resources organization plays a critical role in proactively identifying these coordination points, and in facilitating and supporting leaders in having the right conversations at the right time and place in the new organization.

The HR organization was instrumental in planning and executing the biannual Corporate Leadership Forum in October 2016. The forum was design to create the proper connections for alignment. The result is a more integrated, better equipped Cargill that stands apart in the changing world.

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True Alignment is Critical to Decision Making

By Monique R. Herena

As chief human resources officer for BNY Mellon, one of the world's largest financial institutions, a large part of my role is focused on how to balance alignment and agility at a firm-wide level. Times have changed, and so too has the way we approach alignment. As the financial services industry transforms rapidly amidst globalization, new technology, and competition from nontraditional sectors, the role of HR in navigating organizations through this disruption is increasingly critical.

Alignment is often perceived today as slowing down decision processes in an age where rapid response is critical. However, proper alignment on the major



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principles and business goals across an organization establishes a protocol for decision-making and is actually a performance accelerator. Part of that alignment can be agreement upon when and by whom quick judgment calls can be made and acted upon, and when an issue needs to be a part of a larger discussion. Viewing alignment as not simply seeking consensus on every choice that presents itself, but as a framework for how to approach these decisions, is the key to enabling risk-averse yet rapid action and speed to market.

For example, BNY Mellon's Play to

Win sets out our company's strategy, linking our vision and mission with where we play, how we win and the capabilities we need to succeed in the eyes of our clients, shareholders and employees. Through a corporate narrative that provides clarity and builds confidence in our Play to Win, all employees are aligned to a shared road map for success and empowered to make thoughtful, strategic decisions more quickly and effectively. The result is an increase in our speed as an organization to deliver the power of BNY Mellon to all of our stakeholders and a more engaged workforce.

We recognized the need to continue a firm-wide focus on changing the way we work and removing barriers so employees feel more empowered. In this year's employee engagement survey, 83 percent of employees strongly believe in BNY Mellon's goals and priorities (up four points versus the last full survey in 2014). Eighty percent of survey respondents said they feel they're able to communicate their views upward openly and honestly, reflecting a five-point increase over 2014. And our engagement score for leadership saw the biggest gain of all survey categories with a seven-point improvement (statements included: 'senior management has a clear vision for the future, I have confidence in decisions made by senior management and senior management communicates openly and honestly').

Growing up, I played a number of team sports. When I consider alignment across an organization, I often remember the common mindset required to be a successful sports team. The same principle applies to successful organizations. Alignment is absolutely critical for both. However, true alignment shouldn't hinder quick and agile resolutions. Coaches establish a playbook, but are fully aware that playbook must adapt once the team finds themselves in unforeseen scenarios.

As a company of our size and global reach, it's imperative that HR is fully integrated across all geographies and lines of business. As teams grow and develop, alignment—in organizational structures, management systems, decision making models and talent—is key to maximizing effectiveness and eliminating redundancies. In a technological age where we expect rapid responses and solutions, it's even more critical that key decision makers are identified across business units, and that those people are in constant communication with each other and with firm leadership. Open lines of communication and clear guidelines are central elements of the framework of successful organizations. ■■

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