



**HARNESSING THE POWER OF  
ALIGNMENT**



From a competitive standpoint, alignment may well be the most powerful weapon in a CEO's arsenal. A sound vision and a strategic game plan are critical, but a company's success ultimately depends on its ability to execute—which, in turn, is determined by the actions of employees. That, in a nutshell, is why the best performing companies are those in which each and every team member is fully connected to the value-creation strategy. They know where they stand, what's expected of them and how their roles fit in the context of the organization's goals at all times.

Yet alignment remains one of the greatest challenges—and unrealized opportunities—that organizations face. All too often, companies invest time, energy and resources in developing a mission statement, articulating goals and outlining core values only to find that their carefully constructed big-picture statements simply aren't translating on a daily basis to employee actions at every level across the organization. It's a frequent point of frustration for mission-driven business leaders like Ron Adkins, president of Air Techniques International (ATI).

"I am sure that I would be able to elevate to operate more at a strategic level if there were better alignment throughout the company," Adkins told CEOs gathered for a recent roundtable discussion

on alignment sponsored by the consulting company Execute to Win. Since joining ATI in 2014, Adkins has struggled to accelerate growth. "One of the big challenges is trying to initiate change and transformation when there is a lot of inertia in the company. With everybody aligned things would move more quickly, and we would be better positioned in our markets."

Other CEO participants shared similar experiences, noting that even when values and principles are formally adopted and set out in writing, getting buy-in throughout the organization remains a challenge. That lack of alignment, in turn, makes it difficult for teams and individuals to operate at their maximum productivity.

These comments resonated with Lee Benson, CEO of Execute to Win, who began working with companies to improve alignment after experiencing the benefits firsthand at his own business in the aerospace industry. "The biggest challenge I had was keeping everyone fully aligned to our strategy and culture so I started working on all of those things," he recounted. Driven by those efforts, the business grew from

three employees to 500 and, along the way, Benson developed a process to help other CEOs do the same.

To get started, Benson urged CEO discussion participants to ask themselves a simple question: On a scale of 1-10, how aligned are employees to the company's strategy and culture? A "10" means that all employees are fully connected to the strategy through meaningful, outcome-based, actionable performance goals that create value for the organization. They know where they stand and what's expected 100 percent of the time.

For Daryl Adams, who joined Spartan Motors as CEO to turn the company around three years ago, the answer was a three. "Our challenge was to change the entire culture, to rewrite the mission and vision and get everybody—all 2,700 employees—marching to the same strategy," he said. "I would give it a three right now, but it is moving. Cultures that are embedded for 40-some years take time to change."

#### **MISSION MESSAGING**

Adams is tackling that challenge with a robust communication effort. "We disseminate podcasts through the Internet, the email system and on televisions that we have in every breakroom and in the lobbies of every plant," he said. "We have a constant loop of information coming down from corporate on strategy alignment and goals, as well as local content that they add on how their goals align with what we are pushing down from corporate."

Even CEOs who rate their companies fairly well on alignment see room for improvement. Cambridge Engineering CEO John Kramer gave his organization a relatively healthy eight, crediting strong communication through daily standup meetings at the heating and cooling product company. "We're always trying to figure out how to improve, how to share our best ideas and best practices across the company," he said. "I'm proud of our team—but there is a long way to go and it is an ongoing journey."

Ideally, alignment extends beyond connecting strategy to execution in daily activities, agreed Benson, who described a snowballing effectiveness as the process takes hold. "As CEOs, our jobs are to create more value as an organization than our competitors, so that we get more business flowing our way and create an environment where everyone is iterating faster and smarter than the competition," he said.



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How well leaders within the organization understand, define and communicate goals factors hugely in that endeavor, Benson added, suggesting that CEOs can jumpstart the learning curve by asking their top executives, “How do you and your team create value for the organization?” “My experience is that 90 percent of them sort of stumble, but once they start thinking that way, it makes a pretty big difference around how they align their team to create more value and connect it to the whole organization,” he said. “It leads them to, ‘My team creates value by doing these things and we measure it this way.’”



## THE WORST WASTE IS UNUSED EMPLOYEE GENIUS.”

—John Kramer, CEO, Cambridge Engineering

services for our clients? What are we doing in terms of Marketing the business and our products and services? And how are we selling to our clients?

That visual, along with a flywheel graphic illustrating the company’s business model and its path to creating revenue, hang side-by-side in the office of every member of the leadership team at Kepner-Tregoe. “It’s a way for the people in the organization to understand where our focus is internally,” said Baldwin. “It helps them to say, ‘Okay, this is why we come to work every day.’”

The graphics, however, are not a standalone effort. They reinforce an ongoing company-wide communications program around performance goals that Baldwin disseminates through Webexes and during his visits to the company’s global offices. “During my first-quarter trip visiting with every part of the operation, we did a deep dive with each of the teams into those visuals, what they mean and how each regional team interpreted them to make sure there was clarity among the team as to what each meant,” he said.

The company also issues one-page quarterly reports that review RIMS accomplishments and outline objectives for the next quarter.

Some companies find visual tools helpful. At Kepner-Tregoe, a graphic in the shape of a dartboard outlines four key areas of focus—resources innovation, marketing and sales (RIMS), explained CEO Bill Baldwin, who describes four RIMS questions the organization tackles internally. “We ask: What are we doing to attract retain and develop our Resources? What are we doing to Innovate new products and

## THE CULTURE COMPONENT

While communicating meaningful, outcome-based, actionable performance goals is crucial to the alignment process, a strong and healthy corporate culture is also essential to foster the employee engagement and spirit of collaboration that enables teams to deliver extraordinary performance. Several roundtable participants pointed out that unquantifiable “human element” practices can be an effective driver of that level of value creation.

At Cambridge Engineering, for example, the workday begins with a morning meeting led by an employee volunteer. “We start out with ‘grateful appreciation,’ where we stretch and pass the microphone around sharing things we’re happy about,” explained Kramer. “Things like, ‘I just paid off my truck’ or ‘We just had a baby.’” Next, the meeting moves into a review of safety, quality and delivery metrics followed by a 30-minute “Lean and Clean” session where employees share ideas on ways to improve production or make their work lives easier.

“The worst waste is unused employee genius,” asserted Kramer. “They’re the experts who can tell us what would make the job easier so they can assemble faster or collaborate with engineers better. We’ve taken hours out of production that way—and our employees have given us tremendous feedback, reporting that solving problems at work has helped them go home and be better mothers, fathers, sisters, brothers, sons and daughters. It’s having a tremendous impact.”

Benson experienced a similar outcome when introducing an employee fitness program at one of his companies, where he put in a 10,000-square-foot gym and offered to pay 100 percent of health insurance premiums for employees who trained for two days a week. The net effects were overwhelmingly positive. “On a population of 500, the company saved \$1.5 million a year in healthcare spend—and they communicated better and were more collaborative and productive,” said Benson. “Dozens of spouses came to me and said, ‘My husband or wife is a better person to live with after working in that environment for a year.’ It drove value for them, for the organization and for the shareholders.”

As competition for talent intensifies, programs aimed at making work more enjoyable or personally rewarding are increasingly essential to recruit and retain employees. As Mark Holland, CEO of Intermountain Staffing, put it, “If you like a job, it is a lot easier to go to work; if you don’t, you’re probably looking. And in today’s new world people will find what they’re looking for and probably for a little bit more money.” Nurturing employee engagement will be an increasingly crucial component of coping with that new reality—one that, in turn, requires capable leadership at every level of the company.

Some of the qualities of effective leaders, agreed CEO participants, are the ability to inspire people, to identify top priorities, connect strategy and execution and keep their team laser-focused on creating value. “Because any team in the game can always come up with 100 things to improve,” said Benson. “The challenge is how do we know we’re working on the top three on an ROI basis?”

At the end of the day, identifying what causes great results for the company and developing leaders who can align team members around results-oriented strategies will deliver value creation. “I fully believe that capable leaders will get good results with whatever they have to work with,” noted Benson. “They will get people to follow them and they will systematically execute on strategy and scale. And, at the same time, they can build capability for even better results in the future—what I call eating and dreaming at the same time.”



## ASSESSING ALIGNMENT

*A conversation with Execute to Win Founder and CEO Lee Benson on how alignment drives value creation.*

### **Is there a common problem, or shared pain point, that the companies you work with typically face?**

Companies typically start out in one of three categories. First, they're just not executing on strategy as quickly and effectively as they would like. Second, they're having difficulty getting a return on investment from their leadership development program. Or third, communications are getting muddled as information travels between levels throughout the organization.

### **When you go into a new company, how do you assess where they are on the path to employee alignment?**

We do an organizational assessment where we ask questions around alignment to strategy, about culture, communication and leadership strength. We ask things like, "Are you clear about the strategic direction for the organization?" and "Do you believe that the strategy is going to create long-term sustained success for the organization?" Then we meet with the leadership teams to distill out of them what behaviors leaders should exemplify or live in the organization, such as setting clear, outcome-based goals that align to the strategy and having one-to-one meetings with direct reports in the context of those goals. Once we have that, we know what we want to deploy in terms of installing a very intentional, holistic operating system and a leadership development program that will reinforce these behaviors.

Going through that process of getting everyone involved in defining what we're going to do also helps with change management and we get a lot more buy in when we roll out a system to more effectively drive culture, strategy and leadership development.

### **You stress the importance of connecting employees with meaningful outcome-based goals. Can you give an example?**

One of the goals at the top of an organization might be a number for return on shareholder investment. We call this the "most important number" or "most important objective." A senior leadership team goal to drive toward that could be any project that will create more value, something as simple as, "We are going to land this particular client by this date," and all the things they will do to make that happen. At the supply chain or operations level, it might be about having material available or delivering it on time for that client. The sales team might have a goal around driving profitable sales. Both of these examples feed all the way up to the return on shareholder investment goal or "most important number" that was set for the organization.

You are basically connecting every member of an organization to meaningful outcome-based goals where they can materially, at their level, impact their team's most important number and that feeds again up to the top of the organization.

### **What is the most common misstep companies and/or management make that contributes to a lack of alignment?**

They just send out the strategy as an order to the leadership team: "Here is our strategy, now execute on it." There's no common way of doing it that the organization has decided on. In virtually 99 percent of organizations we've encountered, there's no common, holistic operating system or worse, whatever operating systems they might have by functional group—they don't talk to one another. They are asking leaders in the organization to execute on the strategy with up to 30 different systems that don't talk to each other. Once you get the mindset right and you get the processes right, that common way of doing things, everyone is working together to get extraordinary results for the organization. If organizations don't have the tools to facilitate 90-plus percent of the work around how they execute, how to get things done, how to effectively communicate and put it in one spot, it becomes way too much of a Herculean discipline for every single leader in the organization to do well.

### **Once you've identified goals, how do you go about implementation? How do you overcome that leaning-toward-inertia tendency?**

We don't just hand an organization the tool and say good luck—we do 100 percent of the configuration. We engage with each leader for up to four months to make sure this new management operating system is like breathing for them and that they're getting more done in way less than half the time. We help them facilitate value-creation conversations with every team and work closely with them to drive this all the way to the front line. So, in essence, we have a very intentional approach to changing management behaviors inside their organization.

### **What can organizations do to create leaders who adept at driving a high-performance culture?**

Organizations know leadership development is incredibly important, but most don't take an approach to it that will really drive improvements in the organization the way they want it to. I always ask clients can you point to anything from the leadership development program you went through last year that measurably improved results for your organization? And usually they say, "No—it was too academic, it wasn't connected to our organization or we had no way of driving it." We take a very practical approach, to say, "Look, if this is your intentional management operating system and the intentional culture that you want to establish, the leadership development program must fully align to that." There's tremendous potential value for the organization in installing an intentional operating system, matching that to your leadership development program and having them evolve together.



#### ABOUT EXECUTE TO WIN

Execute to Win (ETW) is a company that is focused on improving alignment to get better results. The company's proven management approach to leadership, strategy and culture combined with proprietary cloud-based software platform helps organizations develop more effective leaders, get results faster and communicate better. For more information on how partnering with ETW can quickly align your organization and drive success for your business, please visit [etw.com](http://etw.com).

## Chief Executive

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