



WHY STRATEGIC ALIGNMENT MATTERS— AND HOW TO ACHIEVE IT

{ PERSPECTIVES } LEADERSHIP DEVELOPMENT

C O R P O R A T E L E A R N I N G

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WHY STRATEGIC ALIGNMENT MATTERS—AND HOW TO ACHIEVE IT

Organizations today face unprecedented degrees of complexity, catalyzed by powerful forces that are reshaping the business environment. To successfully execute new strategies, organizations must accelerate the pace of building critical senior-level alignment and ownership around the strategic direction. Only then will organizations achieve strategic agility.

BY MELINA ANTYPAS AND JANICE MILLER

TO STAY COMPETITIVE AND fulfill their missions, organizations must adapt to these forces—quickly. That requires crafting new strategies, revising existing strategies, and sometimes launching large-scale transformation programs to execute on those strategies. For example, some companies might decide to reinvent their business models to take advantage of digital technologies, ramp up their innovation engines, or reposition struggling brands. Others might seek to integrate formerly separate businesses after a merger or acquisition, or develop an improved go-to-market strategy that reduces cost, manages innovation challenges, or ensures effective customer service. Still others may move to reconfigure their global operating model to achieve efficiencies of scale while also serving local markets.

In the forthcoming 2018 State of Leadership Development Report from Harvard Business Publishing, nearly 87%

of 700 participating global business and learning and development (L&D) leaders said that their organizations were either in the middle of a major transformation effort or had completed one in the past three years to address a priority strategy shift.

But regardless of the nature and direction of a strategic change an organization wants to make, senior leaders throughout the organization must be aligned with it. What does such strategic alignment look like? In organizations that achieve alignment, senior leaders are accountable for helping execute the new strategy. They understand why the new strategy is needed, what changes will be required to execute it, and what benefits it will garner for the organization. What's more, they know what they must do to put the strategy into action. Strategic alignment delivers important advantages. Namely, it helps organizations execute their strategy



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What Strategic Alignment Looks Like

How does strategic alignment work in practice? Consider fast-food giant McDonald's experience. McDonald's ensures alignment with its product-centric strategy by focusing leaders' attention on designing and managing scalable processes and routines and selling standardized products around the globe at predictable volumes, quality, and cost. As explained in "How Aligned Is Your Organization?" (*Harvard Business Review*, February 2017), the company builds efficiency into its operations to maximize economies of scale, including establishing a high division of labor and routinizing specialized tasks. For decades, McDonald's has led the market in its sector.

The Walt Disney Company is another case in point. The company's strategy centers on "creating happiness" for "people of all ages, everywhere," (from the same *Harvard Business Review* article). To that end, the company has organized itself to offer a wide range of consumer products (including its Disney Store), entertainment (movies), and experiences (through its parks and resorts). It aligns leaders throughout its organization behind this strategy by pursuing high performance in each area and equipping leaders with the skills and knowledge to support one another.

with speed, proficiency, and broad impact—so they don't miss out on valuable opportunities or get blindsided by emerging threats. And in aligned organizations, the strategy is more likely to deliver anticipated results when they're needed. Such agility and speed are critical. If it

takes several years for an organization to steer itself in a new direction, leaders will have to shift or adjust their approach to adapt to new market realities emerging in that time frame—before they can fully implement the initial strategy.

Barriers to Strategic Alignment

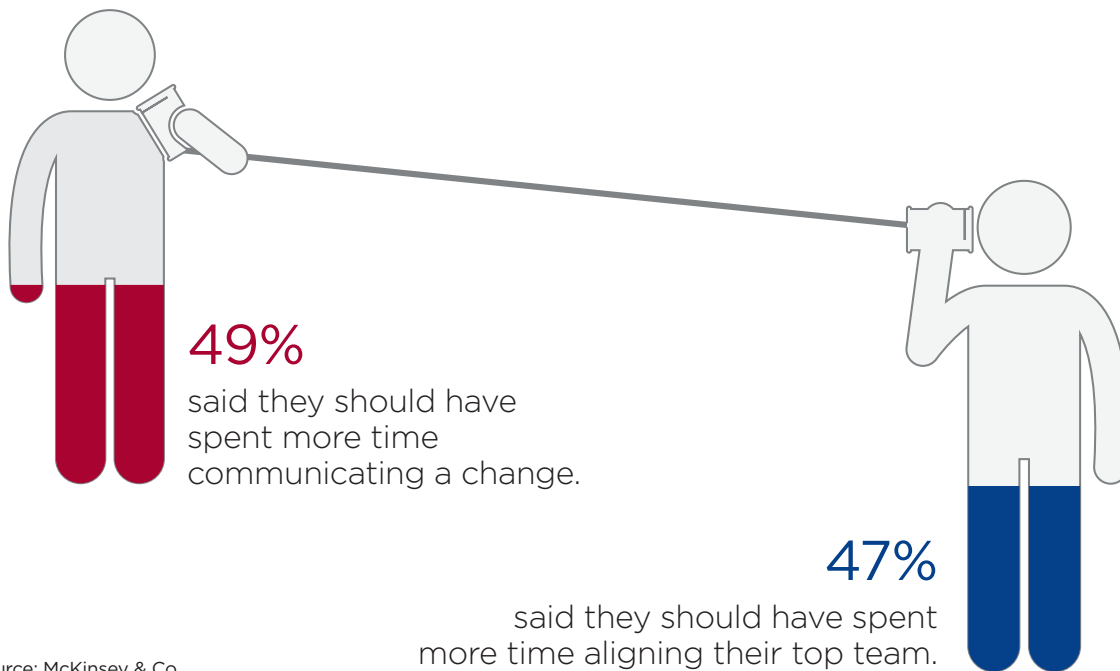
Clearly, strategic alignment offers significant advantages. But it doesn't come easily, and enterprises that fail to achieve it pay a high price. In particular, they have difficulty executing their new or revised strategies efficiently and effectively. In McKinsey & Co.'s 2015 study, described in "How to Beat the Transformation Odds" (April 2015), only 20-30 percent of the executives surveyed reported successful completion of transformation initiatives in their organizations. The simple fact is: if companies can't reinvent themselves to adapt to changes in their business environment, they risk falling far behind their nimbler and more flexible rivals.

As Aetna CEO Mark Bertolini noted in Scott Anthony's book *Dual Transformation: How to Reposition Today's Business While Creating the Future*, "Your top leaders have to be aligned around the long-term vision and the

assumptions about the future that underpin it. But you also have to change the nature of the dialogue with them.... This is a significant shift for even the most successful leaders, and some might not be able to make it."

Why do so few enterprises manage to achieve strategic alignment? The article "How Aligned Is Your Organization?" in *Harvard Business Review* explores potential explanations. For many organizations, the primary culprit is that no one in the business feels a sense of ownership of the transformation program. For others, leaders are under such intense pressure to produce results in the short term that they have difficulty shifting focus to support a new strategy that will take time to deliver results. For still others, leaders may not believe strongly in the new strategic direction, so they can't cascade commitment to it down to their own teams. Additional reasons for a

MANY EXECUTIVES RECOGNIZE THEY AREN'T EFFECTIVE AT BUILDING ALIGNMENT



Source: McKinsey & Co.

lack of alignment include inconsistent messages about the transformation at hand, transformation programs that are moving too sluggishly, and failure to coordinate across units in the organization (as pointed out in John Kotter's seminal *Harvard Business Review* article "Leading Change: Why Transformation Efforts Fail").

In addition to the barriers impeding alignment, traditional approaches to alignment efforts have serious limitations. For instance, if the company sends top executives to a series of roadshows in far-flung locations, these meetings are typically conducted by facilitators who have little connection with one another. This approach may leave attendees with different takeaways and conflicting or unclear key messages about the transformation. The other

option—bringing executives together in one place—aims to save time and to deliver more-consistent messaging about the new strategic direction. But this approach requires costly travel for a much larger number of people, and it pulls leaders out of their day-to-day operations.

To successfully execute a new strategy in today's fast-changing business landscape, organizations must accelerate the pace of building critical senior-level alignment and ownership around the strategy's vision, goals, and approach to change. Only then can they cascade the new strategy down to every level and out to every corner in the organization. To manage all this, they need a new approach to strategic alignment—one that overcomes the barriers and limitations.

A Better Way

Organizations that recognize the competitive advantage afforded by strategic agility and speed are open to innovative approaches to strategic alignment. In our work with clients, we've seen that the most impactful approaches have several defining characteristics, which we'll explore here.



SAVVY USE OF LEARNING TECHNOLOGIES

Approaches to strategic alignment that make smart use of learning technologies—such as webcasts and large-cohort learning platforms—provide shared, contextualized learning experiences for senior leaders. Such experiences, in turn, encourage them to engage in spirited conversation about the change their organization wants to make.

Consider an organization that gives leaders the opportunity to participate together in a conversation about how their company can foster a more innovative culture and open a path for new ideas and experimentation, while also making it safe to fail. In such a setting, everyone is part of that same conversation—how innovation can be enhanced and how leaders can model the behaviors and attitudes needed to make that cultural shift. Technology enables the company to have this big conversation and get people aligned behind the challenges and opportunities that will come with the new strategy.



EXPOSURE TO CUTTING-EDGE THINKING FROM EXTERNAL EXPERTS

The best approaches to strategic alignment engage leaders by delivering cutting-edge thinking about topics relevant to their organization's transformation—such as the importance of breaking down silos, taking ownership of change, and readying talent for the organization's desired future state (to name just a few). Organizations may deliver such thinking by bringing in external experts (such as researchers, academics, and business practitioners) and

tailoring the content and delivery of the experts' thinking to the organization's unique situation. Through channels such as live virtual presentations by industry thought leaders and experts from organizational “exemplars,” leaders gain exposure to the latest research pertinent to their organization, along with exciting and relevant ideas circulating in the business world.

Outside experts also help leaders gain familiarity with conceptual frameworks that are actionable, memorable, and clear—such as frameworks outlining capabilities that leaders must build to improve their strategic agility. Leaders can easily adopt such frameworks and use them with their teams. In addition, outside experts may share stories about other organizations' and their own experiences with strategic change. Leaders can extract helpful insights, inspiration, and lessons from such stories.

For example, the business landscape was changing for a global management consultancy. One major new development was increased use of artificial intelligence to provide advisory services that the firm had long specialized in. To stay competitive, the firm wanted to develop its senior partners so they could have conversations with prospective clients about broad, global business challenges, rather than over-relying on their deep areas of specialization. In the first module of the learning program that the firm initiated, a panel of external experts discussed global micro- and macroeconomic trends and their implications for the firm's strategy. The experts also stressed the importance of developing “global antennae” and networks from which partners could gain valuable insights. In the final module, the external experts returned

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to invite learners to ask deeper questions, and to help them synthesize their new insights and apply them to the challenges facing them.



EXPOSURE TO INSPIRING STORIES FROM INTERNAL EXPERTS

Innovative approaches to strategic alignment may also draw on internal experts such as functional or operational leaders. These experts can link the learning content to their organization's goals by sharing their own journeys, challenges, and successes related to the topic at hand. For instance, a senior vice president and lead counsel explain how adopting an enterprise mindset helped their organization overcome a daunting challenge and save millions of dollars. Or the director of R&D explains how she helps technically strong talent gain exposure to a diversity of experiences, so her team members become agile and gain broad career opportunities in the organization.

After hearing such stories, leaders can more easily engage in hands-on application activities back at work. This, in turn, enables them to build their knowledge and reflect on new insights they're gaining from the learning experience. They can also cascade lessons they've learned to their own teams.

In one multinational oil and gas company we worked with, top leaders knew that to stay competitive in a changing industry, the company would have to cut costs considerably, transform its culture to emphasize commercial operations over engineering prowess, and adopt a radical new business model. The company launched a learning program aimed at helping leaders throughout the organization execute on these strategies. The top 250 leaders took part in coursework at Harvard Business School, many of them helping design the curriculum. They then co-moderated learning and development sessions that were cascaded down to every level in the organization—from senior leaders to managers of oil rigs located in the middle of the ocean. As a result of

Questions for Your Next Meeting

For C-suite and L&D executives seeking to adopt the above-described approaches to strategic alignment, some careful upfront thought can help determine how best to integrate these approaches and get the most value from them. Exploring questions like the following is a worthwhile first step.

In what ways do we need to shift our strategic direction? Why?

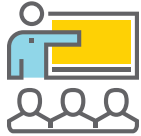
What are the benefits and risks of pursuing this strategy?

What narrative about our new strategy do we want to communicate to the organization?

Who must get on board to make this strategic change successful? What will it take to get them on board?

What barriers to strategic alignment do we face? How might we remove them?

this adroit use of internal expertise, managers throughout the company sharpened their financial acumen and discovered how to monitor global trends important for their business and how to generate ideas for achieving cost-saving efficiencies in the operations they led.



LEADERS AS TEACHERS ACCELERATE TRANSFORMATION

Leaders taking part in effective strategic alignment programs are transformed into teachers who can bring their own teams into the discussion about the organization's new direction. This approach helps all learners master the concepts related to the strategy and builds a shared language for discussing it. It also fosters a collective sense of ownership of the new strategy and of the future organization.

To illustrate, at the oil and gas multinational mentioned above, just a few hundred top leaders were able to cascade the company's new strategic imperatives to as many as 7,000 managers. Virtual learning technologies helped, and senior leaders who were on campus also took part in the virtual program. This enabled them to integrate their own and other leaders' knowledge and expertise at each level in the organization.

Equally important, such programs create a setting in which leaders can forge new and valuable connections with colleagues. They can support these colleagues while also continuing to learn from them. What's more, they come away from the experience brimming with new ideas about how they and their teams can help propel execution of the strategy forward in the organization. By doing all of this, they demonstrate ownership in leading the call to action throughout their organization.

The Positive Impact of Alignment

For organizations in all industries today, strategic alignment has never been more essential—or more challenging to achieve. By designing the right approaches to forge alignment, L&D professionals can play a vital role in helping their organization's leaders move forward their corporate strategies that are crucial for the enterprise's future.

**SHARED VISION AND
UNDERSTANDING**

**OWNERSHIP OF
THE STRATEGY**

**ACCELERATION OF
TRANSFORMATIONAL CHANGE**

L&D professionals can benefit especially from understanding common barriers to strategic alignment and limitations to traditional approaches. They can then

use that understanding to capitalize on opportunities to take a fresh approach to alignment in their company. The most forward-thinking among them will design alignment programs that:

- Make smart use of learning technologies
- Help program participants tap into the latest thinking from external experts
- Feature inspiring stories from colleagues
- Transform participants into teachers who can help their own teams understand and support new strategies defined by their organization

There's no time to waste. With potent forces reshaping the business landscape at ever-faster speed, organizations can't afford to leave strategic alignment to chance. L&D professionals who take an innovative approach will help guide their companies to achieve true alignment. The result? Enterprises that can swiftly and smoothly shift direction to stay ahead of change—rather than merely struggling to catch up with it.

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