

How Much Does Organizational Misalignment Cost Your Company?

Solutions for Leadership & Organizational Excellence



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Most of us have had the experience of driving a car that is out of alignment. It pulls to the right or the left and it wears the tread off entirely. Just like your tires, if your organization is out of alignment, you will likely get excessive wear and tear and a pulling that takes you off course. So, where does your misalignment show up, and how is this pulling your organization off course?

The wear and tear that organizations experience from misalignment is seen in turn-over, slow project implementation, and weak solutions to new market demands. While all three of these together can be disastrous, any one of them will inhibit an organization's performance and directly impact the bottom-line.

According to retired Harvard Business School professor John P. Kotter, one of the key reasons transformation efforts fail is due to a lack of vision which "helps clarify the direction in which an organization needs to move." "Without a sensible vision, a transformation effort can easily dissolve into a list of confusing and incompatible projects that can take the organization in the wrong direction (i.e., off course) or nowhere at all."

We would argue that every organization is in a state of constant transition or change. To prove this point, think about the last time a sales person called you on the phone to offer their services. More than likely you told them, "this is not a good time; we are right in the middle of.... a transition." Obviously, the best time to become more effective at leading that transition is before the transition begins; the worst time is once it is over. If you are in the middle of it, we suggest that you not wait until the end, do something now. Waiting simply cost you money.

The opportunities for misalignment in your organization are many. Here are a few of the most common ones:

- While upper management may have a clear idea of what their vision is and how to achieve those goals, they have not been communicated clearly or often enough throughout every level of the organization. The managers and

workers that need to execute on this vision are not aligned with how to do this or even what direction they are supposed to be going.

- Let's say you have established and communicated a clear vision for the future of your company, but when you look at the competencies and capabilities of your employees, you conclude that these competencies and capabilities are not going to get you where you want to be. Obviously, what you need to do to re-establish alignment is either hire new people with these capabilities or train your current workforce.

- Another example of misalignment would be a situation in which you have established your strategic goals and measures and have determined everything you must do to reach these goals. If you are like many organizations, you may find that you are not organized or structured in a way that allows you to execute that wonderful strategy that you so painstakingly created in an efficient and effective way.

In other words, you have a misalignment between strategy and structure. Since we adhere to the old axiom, "strategy drives structure," we believe you should address the structural obstacles after, not before, you have established your strategy.

To help determine what type of misalignment your organization may have, try this quick assessment:

- Poll people randomly about what the company's mission and vision is? How many answers do you get? Are the most common ones aligned with top management?
- Is your strategy aligned with your vision; in other words, is everything in your strategy directed at achieving your vision? Again, Ask people randomly.
- Do all of your processes, systems, and structure support your vision and strategy?
- Is your culture aligned with your strategy? In other words, do the norms and values of your organization support and encourage the behaviors you need to execute your strategy? Keep in mind, the answers YOU give to the above questions

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are almost irrelevant. What matters is what the majority of the people in the company say. Research has found that it takes 70% alignment to have any success at all; anything less than that and the performance degradation is exponential. In his book, *Good to Great*, Jim Collins, raised an important question. "Once you know the right thing, do you have the discipline to do the right thing and equally important to stop doing the wrong things?" The wrong thing is to continue to struggle through organizational change everyday without a clear vision that is aligned throughout the organization. The right thing is to find a partner that has the expertise to help you align your organization—your vision, strategy, structure, and culture-- and save you money. While this may seem a simple, fundamental idea, following it demands a trusted ally that has both the proven experience and unique portfolio of solutions to deliver it. At Farr Associates, we have both, and we believe companies looking to maximize their success should accept nothing less from a leadership and organizational development partner. Align your organization, lead change, and ensure your success!