

# WHY MANAGERS MUST FOCUS ON Strategy and Alignment

The challenges of business in the 21st century are daunting: rapid and disruptive change; fleeting opportunities; incomplete information; and an overall sense of uncertainty and disorder.

**M**anagers are busy. They cope with the urgent, but put off the truly important. They suffer from time starvation.

Task work has become more streamlined but knowledge work is even more cluttered and confusing. If organisations are focused on what's immediately in front of them they'll fail to see what's in the future. They can have the best databases, information systems and people and still stumble around. Things don't get done. Everything they need might be in front of them but if they don't know what to look for, or if the organisation stops them being effective, there will be confusion and little progress.

What's the solution? Well, the problem is nearly always because of weaknesses in strategy and alignment.

## Strategy

To be truly strategic an organisation needs to address six key issues.

### 1) Creating an organisation that fits

An organisation has to be aware of, and account for, its environment – demographic, social, economic, competitive, political, technical and environmental change. There are several models to assist thinking in this area. I like to use the Market Alignment model shown here.

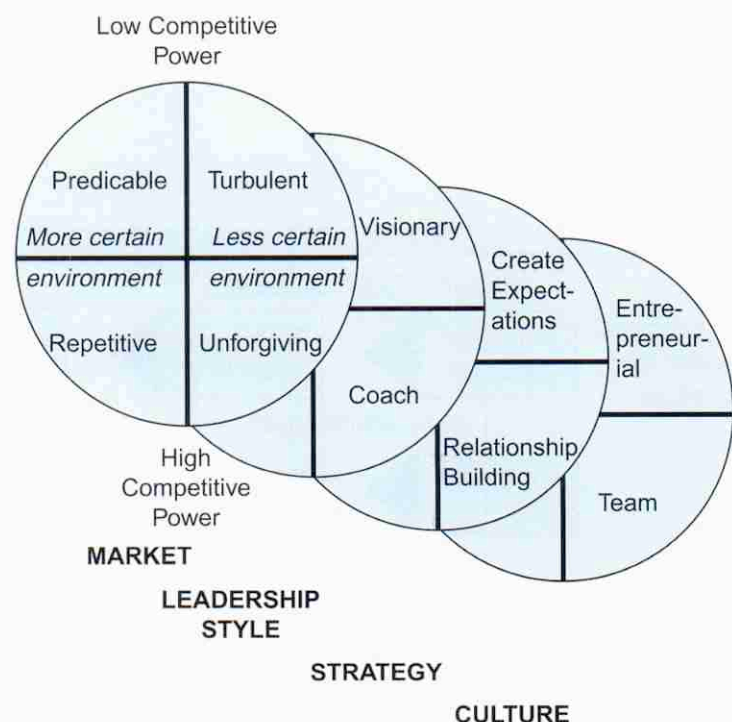
The marketplace is analysed using a set of questions and scores. Most organi-

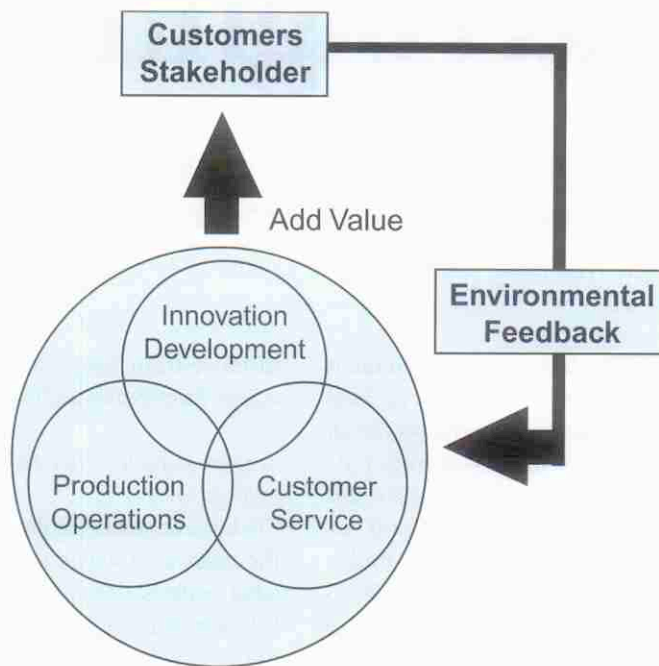
sations work in a less certain environment and have less competitive power because customers are becoming more powerful. The trend in most markets is from bottom left towards top right and as a result the Leadership Style (see the second circle) needs to move from 'Driver/Administrator' towards 'Visionary/Coach' to match the environment. The Strategy needs to move from 'Second to market/Quality' towards 'Creating expectations/Relationship building'. The Culture needs

to move from 'Rational/Structured' towards 'Entrepreneurial/Team'.

### 2) Increasing focused uniqueness of organisation

"To be strongest at the decisive point" is at the heart of strategic thinking. Find out what matters, then put your horsepower behind it. But the thing that matters needs to be something unique to the organisation, so if everyone is good at the same thing no-one has a competitive advantage.





Practically, I have found organisations find it much easier to focus on their uniqueness once their ‘Business Model’ is settled. There are usually only three Business Model options: operational excellence, product leadership or customer intimacy. Uncertainty about which is required or being stuck in the middle is a recipe for disaster.

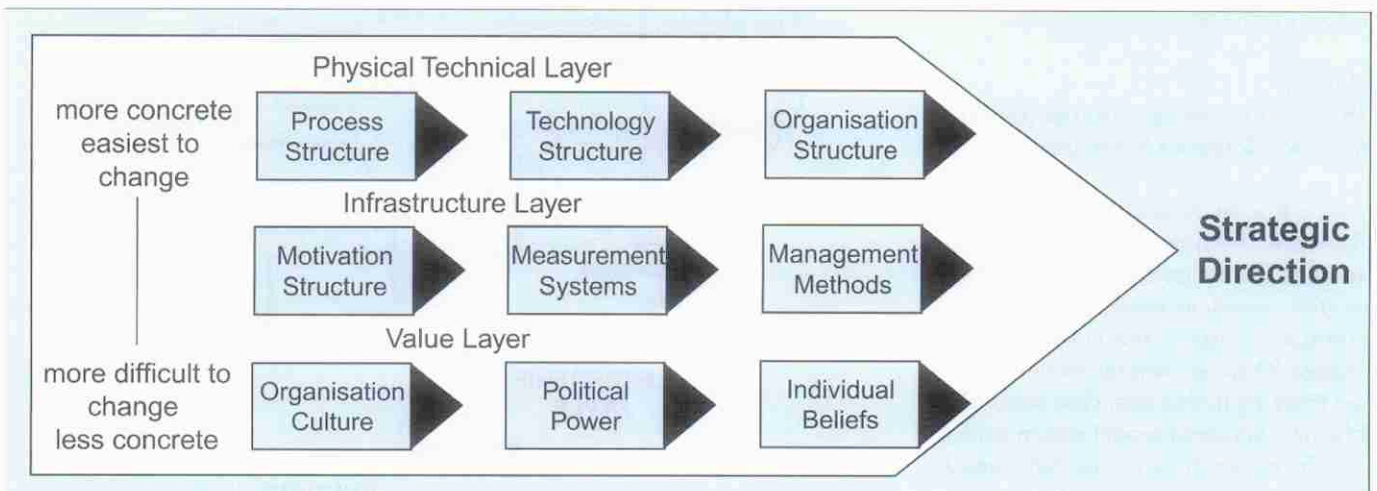
**3) Decisions about the difficult to change**

The things that make an organisation successful nearly always take a long time to implement or, once in place, are a commitment to a particular future path. Consequently, organisations spending too much time focused on the urgent never quite get round to planning for what is going to make the most difference. Instead they make isolated decisions on major items such as capital expenditure that commits the organisation to a long-term path without real thought.

**4) Applying systems thinking to the market and organisation**

All organisations are systems. An organisation is often like a Russian doll – systems within systems. The marketplace is a system, so is the organisation, the team, the process and the individual. All levels have a great deal in common and operate according to well-established ‘Laws of Systems’ that management theory seems to ignore.

Systems can be closed to their environment (mechanical systems) or open



(living systems). All organisations are living systems but many managers act as if they are mechanical. This leads them to controlling, limiting (sucking out energy), engineering, directing and filling jobs. They draw the organisation with boxes and lines, showing 'divisions' (thick walls), or formalised silos of power.

Other managers see their organisation as open and living. This model leads them to nurturing, caring, growing, challenging and releasing human energy. It has porous walls and lots of collaboration between people working mainly in project teams (often hundreds of them) made up of experts in innovation, production and service. The other key difference is a strong feedback loop, so important for drawing in new knowledge, learning, ways of thinking and new ideas.

Part of the strategy process is about helping managers see their organisation as a living system. This is important because mechanical systems are isolated, don't learn fast enough and, because they are rigid and tall, basically unstable. Ironically, risk averse managers are most attracted to the mechanical model even though it is fundamentally unstable. Living systems are much more stable because they are constantly learning, flexible, flat, fast and highly collaborative.

Most businesses don't realise it, but there is a whole body of scientific research about the Science of Living Systems (especially Complexity, Emergence, and Entropy) to be ignored at one's peril. This research has largely been within the last 10 years. The results are often surprising and counter intuitive. They throw into question some of management's most prized assumptions about control, work flow and top-down decision making.

Developing this thinking even further leads managers to start thinking about their organisation as part of an 'ecosystem' of PALs (Partnerships, Alliances and Linkages) all dedicated to adding value to the customer. This is the next big advance in strategic thought.

### 5) Clarifying the long-term vision

The long-term vision is a 'rich picture' of

what the organisation could be like in five to 10 years – what might be achieved and where the organisation is trying to go. Good visions are challenging... 'big bold and ugly'. They need to excite the youngest recruit, reflect passion, identify competitive space, kindle a fire of pride, have the 'wow' factor and no-one may yet know how to achieve it. Discussions about desirable alternative futures will provide some clarity. What will our mission be? What will make us unique? What will our business be? What will we not be doing? How will we add value? What legacy can we leave behind for the organisation and New Zealand if we do it right? Who will our customers be and what will they be saying? What about our business culture – our staff and how they will be working? How will other key relationships work – with owners and suppliers? What about our resources including premises, equipment, technology and systems? How big will we be? What else will be different?

### Alignment

Alignment means changing the organisation to ensure the strategies are achieved. Most organisations fail to implement strategies because they underestimate the importance of this process.

There are 10 closely related key dimensions to any organisation. As you move down the chart (see previous page) the dimensions become less concrete and more difficult to change. The aim is to first set the strategic direction and then ensure all the other nine dimensions are aligned and pushing in the same direction. Any dimension not aligned will become a barrier to implementation.

A great deal of research exists about best practice in each dimension. It is wrong to assume that best practice is always best practice. Best practice depends entirely on the strategies chosen. The processes appropriate for operational excellence are totally different from those for product leadership. **M**



Bruce Holland (FNZIM) helps large organisations be focused, fast and flexible. [www.virtual.co.nz](http://www.virtual.co.nz)  
Email: [Bruce.Holland@clear.net.nz](mailto:Bruce.Holland@clear.net.nz)



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### OFFICES

#### National Office

CEO: DAVID CHAPMAN FNZIM  
Box 67 Wellington  
Ph 0-4-495 8303, fax 0-4-495 8302  
email [national\\_office@nzim.co.nz](mailto:national_office@nzim.co.nz)  
National web site: <http://www.nzim.co.nz>

#### Auckland

President: REG BIRCHFIELD FNZIM  
General Manager: STIG EHNBOOM FNZIM  
Box 26001, Epsom  
Ph 0-9-525 3300, fax 0-9-525 3322  
email [stig\\_ehnbom@nzim.co.nz](mailto:stig_ehnbom@nzim.co.nz)

#### Central

President: PETER GARNETT FNZIM  
CEO: IAN BALFOUR FNZIM  
Box 11781, Wellington  
Ph 0-4-495 8300, fax 0-4-495 8301  
email [ian\\_balfour@central.nzim.co.nz](mailto:ian_balfour@central.nzim.co.nz)

#### Canterbury

President: GRANT CAMERON FNZIM  
CEO: REG GARTERS FNZIM  
Box 13044, Christchurch  
Ph 0-3-379 2302, fax 0-3-366 7069  
email [reg\\_garters@nzim.co.nz](mailto:reg_garters@nzim.co.nz)

#### Otago

President: ROBERT JANSSEN FNZIM  
CEO: ALAN MCKEOWN FNZIM  
Box 1117, Dunedin  
Ph 0-3-477 9277, fax 0-3-477 9239  
email [alan\\_mckeown@otago.nzim.co.nz](mailto:alan_mckeown@otago.nzim.co.nz)

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