2003

Implementing A Strategic Alignment Plan

Carlos D. Reyes
Seton Hall University

Follow this and additional works at: http://scholarship.shu.edu/dissertations
Part of the Strategic Management Policy Commons

Recommended Citation
Reyes, Carlos D., "Implementing A Strategic Alignment Plan" (2003). Seton Hall University Dissertations and Theses (ETDs). 672.
http://scholarship.shu.edu/dissertations/672
IMPLEMENTING A STRATEGIC ALIGNMENT PLAN

By

Carlos D. Reyes

Thesis Advisor
Patricia P. Kuchon, Ph.D.

Submitted in partial fulfillment of the requirements of the degree of Master of Arts in Corporate and Public Communications
Seton Hall University
2003
Acknowledgements

First I want to thank my family for all of their love and support during my whole academic career. Mom, you have been my source of inspiration throughout my life and I can never express in words my gratitude to you and the rest of the family.

I also want to thank my friends Roberto, Gil, Derrick and Mauricio, without your humor, loyalty and constant prodding I could never have completed my mission. I also want to give special thanks to all my friends in the Manufacturing group. Thanks for believing that someday I would graduate.

Lastly but most importantly, I want to thank my lovely wife Magda. Your patience, and tenacity were the fuel that helped me complete this work. You believed in me even in the most difficult times. Thank you!
# Table of Contents

| Chapter I | Introduction | 4 |
| Setting Goals | 6 |
| Alignment in Cross Functional Teams | 7 |
| Background | 9 |
| Research Question | 10 |
| Need for the Study | 11 |
| Definition of Terms | 14 |
| Limitations | 15 |

| Chapter II | Review of the literature | 16 |
| The Human Factor | 19 |
| Accountability: | |
| Freedom and Responsibility Without Control | 21 |
| Organizational Culture & Leadership | 22 |
| Accountability – Getting a Grip on Results | 24 |
| Accountability Leadership | 26 |

| Chapter III | Design of the Study | 30 |
| Strategic Alignment Program | 30 |
| Strategy and Execution | 32 |
| The Final Plan | 35 |
Chapter IV
Analysis
Implementing a Strategic Alignment Program
Assessment
Developing Objectives
Communicating Objectives
Aligning Resources Through Accountability
Measuring Progress
Dealing The Implementation

Chapter V
Conclusions

References
Chapter I

Introduction

Leadership in today's organizations has become a process of aligning structure and systems in order to meet objectives and deliver results. Yet, More than 70 percent of US companies capabilities are untapped and poorly aligned resulting in a negative impact on shareholders and employees.

Individuals in organizations work within the confines of managerial leadership systems and defined structures. Employees apply their intelligence, judgement, skills, energy and creativity within those systems. It is therefore logical to deduce that in order to achieve high functionality, organizations systems and structures must be put in proper order and they must be aligned to the overall strategy (Kraines, 2001).

According to the Research Management Group, the process of leading or aligning a team is seen as the ability to influence and coordinate the activities of the members of a group towards the accomplishment of objectives. Individual leaders have the attributes of self-motivation, perseverance in the face of frustrations, controlled impulse and delayed gratification and keeping distress from clouding their ability to think clearly and objectively (Goleman, 1995). In organizations, the leadership practices of the executive management team define
values, goals, vision, direction and ultimately helps determine the success or failure of an enterprise.

Therefore, if leading is defined as utilizing human capital to achieve a goal then the function of ensuring that this human capital is focused and engaged in the act of goal accomplishment is the definition of alignment.

More than communicating a vision, the leadership team in an organization must also be able to align resources towards a common goal. Alignment refers to the manner in which the various systems, structures, messages (both spoken and unspoken), and styles in an organization support and reinforce each other on an everyday basis. A leader must show through actions the validity of his/her message. It is this emphasis on consistency that creates alignment. An organization that creates self-managing teams but continues to hire, promote, evaluate, and reward staff based solely on individual accomplishments is not creating alignment (Linden, 1994).

Most companies that struggle, do so because they are out of alignment. They don’t send consistent signals to the staff. Employees have grown accustomed with management’s diluted efforts to follow the latest fad in re-organization. The staff has seen too many of these re-alignment projects come and go to get excited. They assume management will “get over it”. Even if managers are genuinely committed to a new approach, the staff understands full
well that the cards are stacked against change (Fardink, 1999). An organization can not move towards change, empowerment or self-management when personnel, purchase, IT and other departments are still misaligned and antiquated (Fardink).

The issue of alignment is not new; many books discuss the process of alignment at length. Most executives can agree that workforce alignment is a goal worth pursuing. The benefits of creating an environment where individual, departmental and corporate goals are mutually reinforcing are unparalleled. The detrimental effect of an unaligned business where departments work in isolation is also very clear.

Setting goals

Corporate goal setting is one of the core elements of leadership. Usually one individual or a small group of high level executives drives the strategic vision of a corporation. Although most CEO's encourage participation in setting goals, the final content and form of the goals typically bear the leaders' stamp. That explains, for example, why company "direction" is usually seen to shift when a new CEO takes control. This ownership issue is reflected throughout the corporate hierarchy. Usually senior executives set broad parameters and allow their staff to set more detail and direction. It is very important that managers make their mark in the goal setting process in order to create true alignment.
Alignment is born out of the ownership created by allowing individuals to set the details of how the goal will be accomplished. At every level, some part of the goal-setting process will be owned and instinctively protected. Any effort to change this process needs to take these sensitivities into account. The process of goal setting is not one of alignment but of ownership. Making individuals own the goals and the methods for accomplishing them. Once this is done, alignment begins to flourish. The emphasis should be on building on the foundations that already exist, rather than implying that unaligned (and implicitly 'badly managed') activities are suddenly going to be knocked into shape (Rodgers, 2003).

Alignment in Cross Functional Teams

Focusing on cross-functional processes is the basis for any collaborative activity, and challenges traditional notions of organizational structure. Hierarchical corporate strategies are based on the principal that leaders will pull together different parts of the organization, departmental heads bring together individual employees, divisional heads link the departments, and senior management bind the divisions together. In this model, business processes that span multiple departments will have different “owners” at different stages, procurement sources components, manufacturing oversees plant activities and so forth. Each of those owners will strive to make the process effective, but they have different priorities and pressures. The danger within most organizations is that those departmental priorities become overwhelming, reinforcing a “silo” mentality.
Corporate goals should define what will be done, who will do it, and where, when and how it will be done, then checked for completion. If the company is one of many that have informal strategy- and goal-setting processes, you can uncover your company's goals by asking senior managers what they want to accomplish during the current year and how they would measure success.

The keystone of alignment, therefore, is the corporate strategy. Unless strategic goals are clearly articulated and well-understood throughout the organization, the organization will lack direction and the energy to drive anywhere. According to the results of a recent CIO Insight/Balanced Scorecard Collaborative survey of IT and business executives, a significant percentage of companies have no well-defined corporate strategy and even when firms do have a strategy, they do a poor job of communicating that plan to employees (Banham, 2002). According to the same CIO Magazine poll, 62% of business executives do not feel their companies are doing a very good job of communicating the strategic mission to the staff and that this is makes it very difficult to execute even the best strategy.

A critical first step is to build a strategy-focused leadership team. How? By making sure the team is clear on the mission to be driven by the strategy and by making the team accountable—as a team—for executing the strategy. The team must create a clear model of the strategy and agree on the specifics of the strategy so that everyone on the team knows what needs to be accomplished. Then these specifics can be communicated throughout the company to everyone
who is expected to work directly to help reach the strategic goals so that they can align their activities to those goals.

**Background**

The biotechnology industry has undergone some major changes in the last five years. A slow national economic outlook, the completion of the mapping of the human genome, the rash of product delays and the failure of delivering key products has left many companies looking for direction and changing strategy. "A decade of research and development is supposed to start showing fruition, however, many developments that were to be the next big block buster drug or new emerging technology has not materialized" (Jubak, 2002). In this environment it is more important than ever for companies to adjust to the new climate and establish ways of working that will allow them to execute a plan to expedite the process of discovering and delivering a new product to market.

Over the last year, Wall Street has decided that getting a new drug through testing, past the U.S. Food & Drug Administration, and successfully to market isn't nearly as simple as it once seemed. As a result, investors have driven up the stock prices of companies that because they have demonstrated a reasonable mastery of the process seem on the way to becoming real drug companies -- even if they have just one drug at the moment. And at the same time, investors have savaged
the stock prices of companies that now look like they're merely research and development hothouses (Yahoo Finance, Biotechnology & Drugs, 2003).


Source: MSN Money

**Research Question**

In this study we will look at the situation of a mid size biotech company that finds itself in the middle of installing a leadership program to help it maximize potential, stay competitive and adapt to changes in a high tech environment. It examines the process for implementing a new leadership program that will align departments to a common goal and maximize utilization of resources. Specifically, it will explore the implementation of a "ways of working" program in a mid size biotechnology company. It will examine the need for establishing objectives,
communicating the strategy to achieve the objectives and setting metrics to ensure the objectives are met.

This research will also examine industry trends in the other accountability models. It will dissect the process of program implementation from inception to completion.

Need for the study

There is a very strong need for this biotech company to adapt to the growing challenges it faces in its industry. It sees itself losing market share to competitors and its pipeline of products is drying up. In addition, as technology in this industry evolves rapidly, customers are beginning to look for solutions in other vendors. This biotech company must look for ways to maximize its resources and ways to accelerate the process of bringing new products to market. It must set a strategy and execute the strategy using a team that is aligned by a common goal. However, since a great strategy doesn't get very far when most everyone in the organization is doing the same old things in the same old ways, the task of ensuring effective execution of strategy becomes the process of resource alignment.
Most, if not all of the energy, forces, resources, and know-how in the organization must be aimed at advancing strategy toward achieving the vision. It is like having everyone in a boat paddle in the same direction. Misalignment of organization and strategy will get you to an unintended destination, if any at all — as paddling in all directions often results in traveling in circles (Kaplan, 2001).

The alignment process is very hard all by itself, add to that resisting forces imbedded in many organizations. Absence of a sense of urgency is at the top of the list. No crisis, no big deal. Another is the persistence of sacred cows — "we've always done it this way and it has worked just fine."
As we look at situations with sluggish and failing strategies, we have consistently seen misalignment of strategy and organization. Tell tale signs include:

- Staff does not know what the strategy is.
- Staff knows what the strategy is, but sees it as, "something else I have to do"
- Staff does not see the relevance of the strategy to "my job,"
- Key strategy elements are isolated in certain functional departments.
- Insufficient capacity to properly execute.

The path to ensuring good execution of strategy by aligning an organization with its strategy is an involved process. Some key steps to keep in mind when choosing the path include:

- Make it clear that this is important, this is priority.
- Translate strategy into operations.
- De-consecrate the sacred cows.
- Make sure advancing strategy is at the center of everyone's job.
- Create measures to let you know how well strategy is working.
- The model examined in this study can help any company in a similar situation ascertain the needs to establish a leadership model that will help it
function more efficiently. It will also describe a road map for implementation of such a leadership program.

Definition of terms

Accountability - Being “called to account” by one’s manager for working effectively and within limits; working “inside the box” while thinking “outside the box” (Kraines, 2001, p. 15)

Alignment - Degree of congruence or consistency within a company’s culture: how well the various departments understand the common purpose and objectives of their tasks on an everyday basis.

Ways of Working – Processes or methods a company uses for accomplishing a task. Often refers to the culture or “the way things are done” around here.

QQTR’s- Quality, Quantity, Time and Resources is a tool utilized by the Levinson system to clarify assignments. It is an accountability agreement between manager and subordinate (Kraines, 2001, p. 18).
Limitations

One of the main limitations of this study is that the data examined will be from one source including the program being implemented and the company at which it is being implemented. The author will be relying on internal documents to substantiate findings.
Chapter II

Review of the Literature

In the expanding world marketplace, sustaining success is increasingly difficult for competitors in both global and local markets. As major players sometimes discover too late, strengths can turn to weaknesses and quickly erode company value. Even the most carefully crafted strategies become meaningless if they are not executed carefully.

The development of leaders occurs through a process of self-assessment, education, training, and experience (US Army, 1999). Successful organizations with strong leadership boards continuously evaluate themselves against their peers and look for opportunities to learn, grow and optimize their effectiveness. Leadership boards must continuously evaluate their strategy, maximize the efficiency of execution by aligning resources and look for metrics that will help them stay on course and will indicate their progress.

The process of self-evaluation and implementation of new systems forces corporations to look at complex organizational issues. Some of these issues include assessing the effectiveness of organizational structure and evaluating critical company processes. Often the implementation of new ideas involves the changing of an established group culture. The effective implementation of culture change requires the help of outside professionals that bring the right background
and experience that may not be found within the company's talent pool. The skill set brought in by these consultants can be instrumental in helping to overcome a team's natural resistance to change and awaken a different perspective in an organization.

There are four critical items that a leadership team must analyze early on in the process of implementing a strategy for success, these include: the development of an overall corporate strategy, aligning systems and processes to effectively execute the strategy, getting the human element involved and communicating the strategy to internal and external stakeholders. The communication aspect is fundamental to garnering support for making tough but necessary trade-offs.

Strategy is many things: plan, pattern, position, ploy and perspective (Nickols, 2002). The word itself comes from the Greek word for general and it is this guiding method for achieving the objective(s) that defines the true leadership qualities of a team. Most companies have natural goals or objectives that are to be achieved. It is in most cases obvious that a company must attain sound financial standing through the use of core competencies. The test of good corporate leadership is defining the path to be followed to achieve those goals. As time goes on, market conditions, technology, financial landscape and other conditions may change, so must the strategy be adjusted to fit the need. There is a certain art to setting and constantly adjusting the plan while always remaining
true to the goals of the corporation. It is art because in order to achieve goals, the strategy must take into account the resources of the company and must find the right balance of resources and long and short-term goals.

**Strategy**

<table>
<thead>
<tr>
<th>Flawed</th>
<th>Sound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doomed from the Beginning</td>
<td>A Botched Job</td>
</tr>
<tr>
<td>Flawed Execution</td>
<td>A Pretty Good Chance</td>
</tr>
<tr>
<td>Flawing with Disaster</td>
<td>A Pretty Good Chance</td>
</tr>
</tbody>
</table>

Source: http://home.att.net/~nickols/strategy_is.htm
The Human Factor

Any re-alignment effort begins and ends with people. It engages, motivates, inspires, urges and involves the most critical asset of any company. As such, issues that relate to the human behavior must be addressed. In many cases organizations will have to fix some very fundamental issues. All departments beginning with human resources must be aligned to the corporate strategy. Several of the steps involved will require companies to adapt very advanced practices. There are not many companies that have been able to perfect the issues of performance, compensation and direct employee contribution to achievement of company goals.

A strong indicator of alignment is the clear sense of shared purpose and vision. Energy runs high and overall company effectiveness increases. Alignment is strong at start companies because everyone is focused on a short list of critical goals. The strong sense of dedication at this early stage in a company's development stems from an intense personal engagement on the part of all employees. This commitment is manifested by the shared sense of sacrifice, long work days and the personal emotional investment for the benefit of the company's success. The challenge is to continue this sense of commitment beyond the companies first few years (Finvielle, 2001).

If alignment within an organization is weak, employee's efforts work against each other and the overall effort becomes less effective. Many times objectives
become diluted due to short-sighted departmental goals or counter productive personal objectives. The needs of the organization or the customer become lost. Overall productivity can also be affected and the morale begins to diminish, once this malaise sets in, the company becomes vulnerable to competitors and changing market forces.

Misalignment can take several forms:

- “A group believes its members are aligned, but, in fact, individuals have different goals or share goals but have unstated disagreements about how those goals should be reached.
- Warring camps exist within the organization, ensuring that overall commitment to any chosen strategy is weak.
- Active opposition does not exist, but many group members are unconvinced of the need for, or the likely efficacy of, the proposed action.
- People don’t know what the goals of the organization are “(Finvielle, 2001, p18)

Source: http://www.strategyletter.com/cp_1001/cp_fa.asp
There are several major programs that attempt to bridge the gap between strategy and execution. These programs attempt to help organizations align their resources and focus their team members into setting objectives and accomplishing tasks designed to fulfil the corporate strategy. In this chapter we will be examining four models: Accountability: Freedom and Responsibility without Control (Lebow R., & Spitzer R., 2001), Organizational Culture and Leadership (Schein E., 1999), Accountability: Getting a Grip on Results (Klatt B., 1999) and Accountability Leadership (Kraines G., 2001). All four models take into consideration the process of change and alignment. The fundamental mission of each is to ensure the maximization of resources to meet the objectives of the organization. By examining each we begin to understand why the accountability model implemented at the Biotech Company being studied was chosen.

1. **Accountability: Freedom and Responsibility without Control** (Lebow R., & Spitzer R. 2001)

   In this model, Rob Lebow and Randy Spitzer (2002) describe the process of getting people in an organization to be more accountable for high performance in their work and for the success of the organization. The interesting aspect of this model is that this process is described without resorting to the traditional management systems that rely on control and manipulation. The model asserts that control-based approaches do not achieve bottom-line results unless you consider cheating, cutting corners and passive aggressive behavior as a positive
outcome. The authors recommend personal accountability to gain a higher sense of self worth and autonomy and it implies that the employees decision making skills area greatly improved through this process.

The authors also provide evidence that people in their work life want to achieve great things; and that almost all people will be top performers in a ‘Freedom-Based Environment.’ Using the latest research and anecdotal stories of companies employing these concepts, that ‘Freedom-Based Thinking’ and its complimentary approach are dramatically more productive because offering ‘intrinsic rewards’ sustains accountability at all levels. The final message is simple: Leaders can create a workplace of individuals who are truly accountable when leaders reject the notion that controlling people is necessary to achieving ‘top results.’

The authors do a very good job of describing what would be an accountability nirvana. Although they make a very strong case for personal accountability as the model to increase self worth, a true corporate environment seldom allows time for this model to fully be established. Metrics and short time lines make this model difficult to implement.

II. Organizational Culture and Leadership  (Schein E., 1999)

In Schein's (1999) model, each organization has its own distinctive culture. It is a combination of the founders, past leadership, current leadership, crises,
events, history, and size. This results in rites: the routines, rituals, and the "way we do things." These rites impact individual behavior on what it takes to be a contributor (belong) and directs the appropriate behavior for each circumstance.

Culture is a long-term, complex phenomenon, it represents the shared expectations and self-image of the organization. The mature values that create "tradition" or the "way we do things here." Things are done differently in every organization. The collective vision and common folklore that define the institution are a reflection of culture. Individual leaders, cannot easily create or change culture because culture is a part of the organization. Culture influences the characteristics of the climate by its effect on the actions and thought processes of the leader.

This leadership model of cultural analysis illuminates sub-cultural dynamics within organizations. Many problems that were once viewed simply as 'communication failures' or 'lack of teamwork' are now being more properly understood as a breakdown of intercultural communications" most companies today are trying to speed up the process of designing, manufacturing, and delivering new products to customers. They are increasingly discovering that the coordination of the marketing, engineering, manufacturing, distribution, and sales groups will require more than goodwill, good intentions, and a few management incentives. The authors believe that to achieve the necessary integration requires
understanding the subcultures of each of these functions that allow communication and collaboration across sometimes strong sub-cultural boundaries.

This is a model that makes a very strong case for the human aspect of change management. It discusses specific human behavioral issues not covered in some other programs. This book falls short on specifically linking corporate objectives to change in human behavior.

III. Accountability: Getting a Grip on Results (Klatt B., 1999)

In this model, the author provides an outline for enacting accountability in the midst of the dynamic ambiguity that constitutes our daily work lives. Nowhere is this ambiguity more evident than in the domain of knowledge workers.

One of the tools the authors have developed is called an Accountability Agreement. It reveals the potential for discretionary effort that is available, and clarifies the business bargain between a company and its knowledge workers. The following key principles of accountability form the foundation for the Accountability Agreement

At the foundation of any business transaction is the premise of a 'fair deal.' Yet, the fair deal between an employee and his or her employer is much more subtle and complex to manage than the fair deal between a shopper and a shopkeeper. Accountability Agreements (see below) are based on the key
principles of accountability, and equip leaders and employees to harness this complexity. They enable organizations to crystallize often unspoken trades and business bargains into explicit promises, expectations, results, and consequences. These six principles build the foundation of accountability in modern organizations.

- “Accountability is a statement of personal promise
- Accountability for results means activities aren’t enough
- Accountability for results requires room for judgment and decision-making
- Accountability is neither shared nor conditional
- Accountability for the organization as a whole belongs to everyone
- Accountability is meaningless without positive consequences” (Klatt, 1999, p45)

The authors also assert that positive consequences are earned based on results realized in an individual’s area of accountability. Accountability is not about finding fault, assigning blame, or punishing. It is about rewarding success and learning from mistakes. An example of a positive consequence (something is received) is being offered a choice of future job assignments. An example of a negative consequence (something is denied) is not receiving a normally expected salary increase. Punitive consequences (something is taken away) are counter productive and not what accountability is about.
Mr. Klatt defines the nature of the accountability crisis affecting organizations and provides both the template for building accountability Agreements within any organization, regardless of size or purpose. Mr. Klatt presents a new face to some age-old organizational problems: How are personal responsibilities carved out of a complex organizational mission? How are these individual responsibilities aligned for effective action? How are individuals held accountable for outcomes - with no excuses?

IV. Accountability Leadership (Kraines G., 2001)

This book addresses a neglected area of management and lays out practical, important prescriptions for turning accountability into a linchpin of a thriving organization. There are many useful and valuable ideas although the reading is overshadow by difficult to grasp terms and language. Dr. Kraines (2001) does make some term clarification through the use of case studies but often lapses back to the use of specialized vocabulary. As a result, the best audience for this type of accountability model will be those that are in the human capital management field or are in involved in the study of management such as professors or MBA students.

The premise of the books seem very attractive because it aims right at the heart of what would prevent a successful implementation of a resource alignment program (abandoning "champions", self-directed teams, and other nebulous vehicles of managerial abdication). However, this model plays on ideas previously
presented about accountability and hierarchical chains. The employee and the boss agree on "QQTR" (quality, quantity, time and resources) of everything, holding strictly to accountability, nothing more. There is flawed fundamental assumption that the entire chain will somehow hold together, weak links and all. Perfectly logical, perfectly inflexible and rather absurd, given the nature of business, economy, war, bankruptcy, layoffs and all of the other unpredictable events the company is likely to deal with.

There are many mentions in the model about the Levinson Institute for which the author is CEO. There are certain sections in the book that deal with identifying individuals who can handle complex roles and thus may make them likely to be future company leaders. The book attempts to quantify this attribute by studying ten year charts of their progression in the company. The author's idea is that leaders are identifiable by this trajectory and fall so neatly into it that human resources professionals can simply run the numbers (using the software developed by the Levinson Institute) to objectively select the future top managers.

There are few practical examples to guide managers in the trenches about the application of accountability. The most difficult part of this model has to do with the implementation and winning the hearts and minds of the audience since it is necessary to teach some of the fundamental terms to each individual in an organization. There may be extended lead times if a system has to be learned from scratch and is not intuitive.
In this chapter we have examined four accountabilities models that attempt to help organizations understand the process of change and assist in the alignment of resources. All bring a different perspective to the organizational model and have positive attributes. Depending on the organizations’ situation, market segment and need for implementation, any one of these model may be suitable. The Biotech Company we are examining in this project chose to implement Accountability Leadership model described by Dr. Kraines.

Several factors influenced the selection of the accountability model proposed by Dr. Kraines. Some of the executive committee in the Biotech Company were familiar with the book. The medical pedigree of the author also influenced the decision since it seemed appropriate that a Medical Doctor would better understand the human behavioral issues related to change. Lastly the Levinson Institute seemed to offer the resources and experience required to bring about efficient implementation.

One of the most critical factors not examined, however, was the specific experience implementing this accountability model in a company of similar size undergoing similar circumstances. Had this model been tried before? Does the company have the time necessary resources to bring about successful implementation. Are there enough financial resources to completely implement the program? Does the geographical location of the company with many plants
around the world present difficulties in applying this model? These are all questions that needed very careful examination and that somehow may have been missed. Due to future changes in market conditions the biotech company being examined would not have the required time or resources.
Chapter III
Design of the Study

In this study, the author examined the process and impact of implementing a strategic alignment program at a mid size biotech company. The program's initial intent was to deliver maximization of resource utilization through proper alignments of department roles using an accountabilities model prepared by the Levinson Institute. The author analyzed the implementation process and gathered relevant information. The data collected came directly from the biotech company and employees who were selected for this study based on their involvement with the development and design of the program. Data regarding the program's implementation will come from packets distributed to the biotech company's employees and training notes received by the author.

Strategic Alignment Program

As part of a continuing effort to look for opportunities to maximize potential and provide proactive leadership, the Executive Board of the biotech company's formed a Leadership Committee in the spring of 1999. This move was in response to a changing business market climate, increasing pressures from customers to re-examine its methods and procedures, concerns about the extended time to market and dwindling pipeline of new products and a host of other issues.
The Committee consisted of members from different functional groups within the company that included Manufacturing, Distribution, R&D, Human Resources, Marketing and Sales. The members belonged to different facilities throughout the world. The Committee met many times throughout the summer and fall of 1999 and discussed challenges surrounding the future of the company.

In November 1999, the Leadership Committee presented an interim report to the Executive Board. Subsequent to the interim report, the Committee decided to take advantage of the structural changes already underway to solicit the input of the additional members of the company.

In March 2000, at seminars in New Jersey and California, sessions were devoted to the discussion and development of an action plan for implementation of a structural alignment program. The data from these sessions were combined with the earlier findings of the Committee and were included in a report to be submitted to the Executive team.

The general consensus from the meetings was that the company's future depended on its ability to:

- Align Resources to execute a designed corporate strategy.
- Communicate objectives to all members of the company and work on specifics of how their daily tasks will contribute to the attainment of goals.

- Improve customer service and understand needs on a logistical and technical level.

The committee felt strongly that these three objectives would help the company realize the ideal of delivering biotechnology tools to customers in the 21st century.

**Strategy and Execution**

Because the world is changing so quickly, and customer expectations along with it, the committee realized that the company must continually ensure that they were offering convenient, efficient, and technologically-advanced products and service to the customers they serve. To meet this need the committee strongly recommended that emphasis be placed on the immediate alignment of resources throughout the company and that a program be installed to teach managers and subordinates the methods for accountability.

The fundamental assumption that the leadership team at the biotech company made was that if everyone in the organization were aligned by common, well-communicated goals the effectiveness of the organization will dramatically improve. The first step was to take an honest appraisal of the current organizational strengths and limits. The company asked the Levinson Institute to
evaluate where the organization really was, what it did well and where it fell short. The assessment of this gap and understanding the strengths and limitations of the company would form the roadmap for what needed to be done to realize the full potential of the company.

Once the critical issues were identified, the company needed to outline key objectives to be met. These objectives needed to be clear, concise and speak to exactly what the items will be completed when the exercise was done. In essence the objectives will be the final destination to be reached once the implementation was complete.

The company would then begin to communicate the objectives to all teams. It was critical to inform people why the change they were about to embark on was important and what they needed to fix to get there. This communication was geared to get at the fundamental issues of where the company was and why it was important to begin to change.

In order to reach the goal, the company needed to ensure it was maximizing the utilization of its most valuable assets. The executive team needed to teach everyone how to utilize the accountability model to help realize the goal of alignment. Terms and logic needed to be defined. It was important at this stage to begin drafting accountability agreements between managers and subordinates that were supportive of the larger goal.
What gets measured gets done. Metrics are key to the implementation of a strategy, and nothing changes in terms of values unless the organization constantly supervises progress and invites others to give feedback on how well it is doing.

To ensure that the program contributed to the overall strategic direction of the organization, the executive team decided that its metrics of success needed to include performance metrics such as time and budget and alignment metrics such as resource utilization. To design meaningful metrics, the executive team needed to ensure the following guidelines were followed:

- Metrics would had to be used by leaders to set expectations and drive actions.
- The organization’s strategic objectives must be the start point for all performance measurement.
- Metrics need to be used as a major means of communication both internally and externally and as a means to align everyone’s efforts.
- Performance measures must become key elements in making decisions, setting direction, and correcting course.
- Metrics had to be a product of each business process and measurement had to be part of the process.
The Final Plan

In summary the overall implementation program would be executed as follows:

1. Assess the current situation of the company: It was imperative to have a full understanding of the current state of affairs of the company and begin developing a list of gaps or shortfalls.

2. Draft overall objectives: These objectives had to be vital to the existence of the company.

3. Communicate objectives: It was important that employees understood where the company was and where it needed to go in order for them to embrace the concepts of accountability that will later be taught.

4. Teach employees the benefits of accountability. The Levinson model required specific training since it used specialized language to define concepts and ideas. It was also through training that the company would begin to break the old culture and begin to paradigm shift.

5. Develop individual accountabilities: Part of the Levinson training would be to define specific objectives that departments and individuals would need to meet to support the overall company objectives.

6. Develop metrics and communicate progress: The metrics would be designed to close the loop and inform the company on how the re-structuring efforts were progressing. It would also serve as a guide to make adjustments to the plan in case it was not making the progress needed or if unforeseen circumstances were de-railing efforts.
Chapter IV

Analysis

Implementing a strategic alignment program

The fundamental assumption that the leadership team at this biotech company made was that if everyone in the organization were aligned by common, well-communicated goals the effectiveness of the organization would dramatically improve. The first step was to take an honest appraisal of the current organizational strengths and limits. The company asked the Levinson Institute to evaluate where the organization really was, what it did well and where it fell short. As they enter these strengths and limitations on a "Current Reality" map, the gap between your Current Reality and the Desired Future immediately becomes clear. This clarity would then create the need for change.

Assessment

The employee survey was motivated by a desire to learn about workplace issues, to measure culture in the context of impending organization re-direction and to develop a baseline for employee morale and satisfaction. The assessment would assist management in accomplishing the activities and changes necessary to achieve bottom-line results. The results would be utilized to identify next steps and approaches that will help the organization achieve its strategic objectives.
The assessment process at the company began by looking at the current organization's design (management structure, organizational capabilities, business process, departmental interfaces, goal setting and feedback systems, etc.). The initial assessment also included one-on-one interviews with leadership and members of representative sections of the organization further down, and sometimes included written surveys.

The information generated began to shape the basis for what will become the strategic plan. A variety of primary concerns were identified, some of which included funding issues, new business opportunities, changing regulations or changing needs in the client population, and so on. The executive team agreed early on to address no more than five to ten critical issues around which to organize the a strategic plan. Some other critical questions examined during the early part of the assessment process included:

- Who are the major Stakeholders? ,
- What are the organization's strengths? 
- What are the organization's weaknesses? 
- What opportunities are available? 
- What threats could the organization face? 
- What are the core values of the organization? 

Next, an employee survey was developed and performed. The survey measured the perceptions of employees on key dimensions that together would
enable the organization to meet and exceed objectives. The results were then broken down by department, location, level and function, allowing a precise reading of where the main opportunities were.

The survey revealed critical components that pointed to misalignment within the company:

1. Individuals and the people they work with did not have a clear understanding of and commitment to the direction and approaches that leadership had chosen.
2. Management and employees were not equipped with the knowledge, skills and resources to carry out the organization strategy.
3. The organization did not have the work processes and structural integration to achieve the strategic objectives.
4. Employees seldom saw the evidence of success early on in the implementation of strategic business plans or as the strategy was being fully implemented.
5. Employees did not feel the company had a flexible core technical infrastructure to react to emerging technologies and applications which was critical in a rapidly changing market.

Following the assessment and review of the results, the consultants from The Levinson group worked with leadership to establish a written, objective outcome list. These included but were not limited to the development of a Trust Model, or set of behavior guidelines for leadership, and also specific progress on management's current critical path objectives.
**Developing Objectives**

The objective of the assessment was to find out where the company was. The second part of the process involved deciding where the needed to go. The team considered five major categories:

1. Financial
2. Marketing/Sale
3. Products/Services
4. Operations
5. Human Resources

Strategies, goals, and objectives would come from individual inspiration, group discussion, formal decision-making techniques, at the end, the leadership needed to agree on how to address the critical issues.

This process took considerable time and flexibility: discussions at this stage frequently required additional information or a re-evaluation of conclusions reached during the situation assessment.

At the very early stages, the executive team realized that they needed to limit their objectives to only those that could reasonably be achieved. They needed to focus the company's resources to meet only the most critical market demands. It was better to do a few things well than many things poorly. Opportunities were prioritized and then the team determined how many were actually achievable. The
objectives were also made easy to understand. The executive team needed to
ensure that the objectives, and the impact of meeting them, were easy to
understand by the rest of the organization.

The main company objectives were developed in October 2000. The
emphasis was placed on the need for the company to stay competitive in a
changing market place.

1. Financial: Develop and implement a strategy to bring the Drug Discovery
   portion of the business within profitability by 2nd quarter 2002.

2. Marketing/Sale Generate: Increase market share in critical technical areas by
   20% by the end of 4th quarter 2002.

3. Products/Services: Introduce two new products a year in critical emerging

4. Operations: Reduce operational costs by 30% through consolidation of
   Manufacturing resources, reducing existing inventory levels and optimizing
   supply chain management. Cost savings to be realized by the 3rd quarter
   2002.

5. Human resources: Roll out Accountability Leadership training, re-write job
   descriptions to meet new accountability guidelines, develop objectives in line
   with corporate objectives for department and individuals. Tasks to be
   completed by the end of 4th quarter 2002.
Communicating the objectives

The company then began to communicate the objectives to the entire organization. Getting the word out was certainly critical in the minds of those who believed an organizational change was necessary. Without having all of a business' units in alignment, any hope of successfully re-structuring a company's business model would be lost. This was accomplished through regular town hall meetings with middle management, company wide meetings, departmental meetings and postings on the company's intranet.

During this time, senior staff was consulted to begin creating an operating plan. The operating plan will be a detailed action plan for accomplishing the strategic objectives and would answer key questions about priorities and directions in sufficient detail to serve as a guide. Action was taken to answer any important questions that were raised. It would have been a mistake to bury conflict at this step just to wrap up the process more quickly, because the conflict, if serious, would have undermined the potency of the strategic directions chosen.

It was left to the middle management pool to develop a detailed plan for how to accomplish these objectives. It was believed that the managers closer to the everyday operation should provide the details that will eventually accomplish the strategic plan.
Middle managers were asked to develop departmental objectives that tied into corporate objectives. The senior management team was asked to review objectives of their direct reports to assure alignment. Through this coaching process, it was felt that managers would provide guidance to the middle managers on how they can contribute to the success of the company.

By allowing middle management to come up with their own plan, the executive team accomplished two things: middle management took ownership in a plan they developed; plus, the creative talents of the middle managers had been used to develop a stronger plan than could have been developed by the executive team alone.

Aligning resources through Accountability

In order for the objectives to be met, the company resources had to be aligned. Department leaders needed to translate strategy into action. They had to devise operational plans, deploy resources, and engage diverse constituencies. Successful execution of the plan depended on the proper alignment of mission, strategy, and resources; establishment of clear responsibility and authority; and effective two-way communication.

Company resources included departments, processes, and its most valuable asset, people. To this end, the company worked closely with the Levinson
group to ensure an accountability system was established. The executive team felt that people needed to be held accountable for meeting their objectives. The company also needed to ensure all personnel and funds were being used to drive toward the accomplishment of departmental objectives. In this process, improperly aligned resources were discovered. However, by re-directing these resources toward the accomplishment of departmental objectives, the company not only saved money but also increased their chance of achieving their corporate objectives.

Accountability promised to refocus the organization's energy given the current challenges and changes being installed. The process would be used to help individuals rethink and reframe their role within the organization, re-vitalize workgroups and transition to a more entrepreneurial organizational culture.

The executive team wanted accountability to produce better business results and more successful employees by creating abundant clarity, and building adult relationships between employees and the company. People needed to be clear as to who is accountable, and who to ask for an answer. This would help people think differently about their work—more strategically and more like entrepreneurs.

For the organization as a whole, accountability would increase a line of sight to strategy, and would strengthen mutual support and cooperation across the
company. There needed to be an increased focus on results as opposed to activities. The executive team needed to infuse confidence and enthusiasm into the workplace by way of a network of clear expectations and respectful relationships.

As part of installing an accountability system, there was a strong need to train people on the details of how exactly an accountability system worked. The organization had to be able to function efficiently in this new environment. It was imperative to assess the existing managerial skill levels and make certain that the required knowledge, skills and abilities to operate in the new system had been transferred to the appropriate employees. Some critical questions that were asked were:

- What is the plan to train people in the system?
- To what extent will people need to be educated about business processes or ways of working?.

To answer these questions, the team from the Levinson Group conducted an audit by asking random employees to complete a survey. Some of the topics in the survey included:

- Clarity of individual performance goals or objectives
- Line of sight from individual goals to company strategy and objectives
- Line of sight from departmental goals to company strategy and objectives
- Clarity of communication of overall company mission and goals
- Clarity of direction from senior management
- Reward/performance linkage
- Value of most recent performance appraisal
- Regularity of performance feedback
- Management of poor performance
- Accountability for achieving high standards of performance

The data generated gave a clear indication of where the team was in the accountability learning curve. A program to train teams on the accountability ways of working was initiated. A "train the trainer" system was adopted where senior managers and Human Resources representatives were trained directly by consultants from The Levinson Group. These individuals would then be responsible for training subordinates and so on. All individual attending the sessions to follow would receive materials to include a copy of "Accountability Leadership". Slowly the new idea of accountability began to take hold amongst the ranks.

The Levinson group also coached managers to develop accountability agreements with their subordinates. These agreements were called QQTR's (quantity, quality, time, and resources) by the Levinson Group's consultants and were meant to be used as a tool by managers to make sure employees know to what they needed to accomplish, by when, using what tools, within what boundaries.
Measuring progress

In this part of the implementation process, middle managers were asked to track the progress being made by their teams on a quarterly basis. As part of their employee performance management system, managers began holding employees accountable for meeting their QQTR's which were aligned to their overall company strategy. Team's progress was then made visible through quarterly company publications. Department metrics were made to meet both financial and strategic goals.

Derailing the implementation

Unfortunately the alignment program was never fully implemented at this biotech company. The accountability training session got underway and began to teach some of the vocabulary associated with the Accountability Leadership model. However, during the second quarter of 2002 the implementation of this alignment program was halted. Despite the best effort of the executive committee, the company was beginning to show signs of financial weakness. Profits had been declining for almost a year, new technologies were emerging making their products less useful, smaller more nimble competitors were finding ways to customize products to better fit customer's needs.

The division responsible for supporting the discovery of new drugs found itself the most unprepared to face the changing technical landscape of the biotech market. The division was losing profits and losing market share. The corporate
executive team began to implement restructuring initiatives aimed at reducing costs and ensuring other divisions were sharing resources but were anchoring themselves to prevent them from the ills that plagued the drug discovery unit. It was decided at this point that any non essential projects at the discovery unit be halted indefinitely.

In the first quarter of 2003, the financial situation at the discovery unit worsened and the company was forced to look for further cost reduction alternatives. It began to aggressively consolidate manufacturing and research sites and reduce personnel.
Chapter V

Conclusions

This researched described the partial implementation of a strategic alignment program a mid-size biotech company. It provided information that organizations may find useful to avoid further disengagement of resources because of a failed program and save thousands of dollars in consulting costs due to a prolonged implementation process.

Organizations that want to stop “fire fighting” and bring alignment and coordination around their improvement initiatives require a vision and strategic plan. The first step is to identify the barriers, and clarify the actions required to breakdown those barriers. For each barrier the remedy is different, and appropriately identifying those barriers is an important first step. In the cases of major business change initiatives, success or failure will hinge on the effectiveness and strength of the vision and strategic plan.

Strategic planning carries with it many inherent challenges. These include the amount of time required to develop, deploy and implement the plan as well as align people around its breakthrough strategies.

For the Biotech Company analyzed in this project, timeline became the most critical factor in the dilution of its implementation efforts. At no point were
timeline clearly outlined nor was the importance of meeting the timeline clearly addressed. It would have been far more effective to start with objectives and then immediately define timelines for reaching those objectives. The combination of changing market conditions, new technologies, competitors and the overall financial situation of the country demanded an aggressive strategy for implementation. It did not afford the time needed for an involved accountability system to be implemented. The team responsible for implementation did not consider the changing landscapes before them.

With aggressive timelines comes urgency. The sense of urgency develops from knowing that a system must be implemented fairly fast or severe consequences are expected. This simple yet critical point must be made with everyone in the company. As stated before, the process of re-alignment begins and ends with people. It is after all the process of making the company more profitable thus saving it from extinction that gives birth to the idea of re-alignment. Unless the connection is made with the members of the organization that the future of the company, and thus their own, is at stake, the effort will lose strength. The Biotech Company should have realized this fact earlier on.

Additional lessons to be rescued from the efforts of the Biotech Company analyzed include:
• Alignment cannot take place exclusively within the constraints of a typical organizational hierarchy. Business processes are cross-functional, and alignment requires management to think outside the traditional department boundaries.

• Organizations need to be aware of the cultural and political hurdles to realignment. These include resistance from employees who feel they “own” the goal-setting process; resistance to excessive centralization; and fears that change will have a negative impact at a personal level (for example, in terms of compensation).

There are a variety of large group intervention methods that can assist organizations in addressing these challenges. These methods require the active support and involvement of senior management in order to be successful. However, just as important as it is to show that senior management is behind the effort, the program must have champions. These individuals need to be able to clearly communicate what the objective of the exercise will be and why it is important. But more than just communicate goals, they have to be able to sell the destination. It has to find creative ways to appeal to the individuals in the company and get to the emotional side of why it was important to reach its goal and the implementation of a leadership program can help with this effort.

Great emphasis should also be turned from strategy creation to strategy execution. Competitive advantage will reside in flawlessly executing the strategy
better than the competition. Although strategy execution isn’t rocket science, a rigorous model, is necessary for successful strategy execution. The required actions in each step of the model should be carefully thought out, tailored to the organization and made part of an overall execution plan. The success or failure of companies will be defined by the alignment of objectives, strategy, people and capabilities.

If the alignment program is completely implemented at the Biotech Company observed, there may be further opportunities to assess its effectiveness. The company may choose to complete the implementation of the program at some time point in the future. The accountability training conducted did provide some useful tools to clarify the roles of each department. Unfortunately in a high technology environment most companies can not afford the luxury of time. If the program is to be revived it must do so by assigning extremely tight lines, developing a sense of urgency and finding champions within each department that will carry the alignment flag and trumpet its attributes.
References


