

## Rialto White Paper:

# The Power of Leadership Alignment

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Continual innovation  
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# Contents

1. Introduction	4
2. Why Leadership Alignment?	5
3. Leading Alignment	6
4. Impact of Misalignment	7
5. Identifying the Danger Signs	9
6. Cultural Alignment	11
7. The Influence of Teams	14
8. Looking to the Future	16

# 1. Introduction

In today's competitive environment, only high performing organisations will survive. There is intense pressure, leaving little or no margin for error. Keeping ahead of the competition demands a leadership team who understand that both individual and group contributions are paramount in order for the organisation to succeed.

Our research has shown that organisational and individual alignment is the one of the key factors in creating and sustaining high performing organisations. Aligned organisations link the objectives of the business with the strategy of each of the key contributors.

Alignment has been a vogue term for a while. It is a way of trying to clarify what it means for an organisation to function as a whole, not just a collection of parts. The secret to understanding alignment is realising that it is more than just the parts fitting together in the right way. It's more about how the purpose of the organisation is reflected in each part or simply put 'everyone rowing in the same direction'.

Aligned teams create an aligned organisation which in turn has been shown to have the highest level of employee engagement. Recent research has shown that there is clear evidence that aligning employees' goals, values and aspirations with those of the organisation is the best method for achieving sustainable employee engagement which is necessary for an organisation to thrive.

## 2. Why Leadership Alignment?

Consistent alignment should start at the top and run like a thread throughout the organisation. It is therefore essential that leaders are fully engaged with a shared set of values, culture, a common purpose and the key competencies that are required to meet the demands associated with driving the organisation's strategy forward during these challenging times.

By achieving these, leadership teams create the right conditions for alignment throughout the organisation and are therefore both collectively and individually accountable for setting clear direction, staying on course and consistently exceeding expectations.

Clearly, alignment among leadership team members is essential to execution and engagement. It is critical when the leadership team meets as a group - and especially when they are acting as individuals – that people experience the same message.

## 3. Leading Alignment

Leaders matter...They matter because more than 95% of all people in the workforce have bosses who are responsible for setting the tone for their organisations.

Even in the flattest organisational structure, the leadership team are the most important group in the organisation and employees monitor, magnify, and mimic their every move. A recent employee engagement study showed that senior leader behaviours correlated with engagement. Senior executives' actions can reverberate throughout organisations, undermining or bolstering their cultures and performance levels.

The Work Foundation found in a study on the principles of leadership that leaders talked about the importance of engaging others in the vision, but outstanding leaders conveyed a greater depth and higher purpose when speaking about vision, seeing it as a clarion call which affected employees' commitment and engagement. Good leaders were more likely to see vision as aligning people through a cascade of objectives.

Servant leadership, an idea originating from Robert Greenleaf in the United States during the 1960s which has been revived by a number of organisations in recent years, places emphasis on the leader as serving the people. However, whilst outstanding leaders work through people, these people are not their sole client. Instead, they understand excellent performance is reliant on people. So the need is to engage others in the endeavour. The team is then motivated by a common purpose and goal. Outstanding leaders focus on the outcome as the purpose and align people to this.

## 4. Impact of Misalignment

The cumulative effects of misalignment are a significant constraint on the ability of an organisation to execute its strategy. When a top team fails to function, it can have a serious and wide ranging impact.

Few teams function as well as they could. But the stakes get higher with senior executive teams: dysfunctional ones can cause serious damage to the organisation.

The ripple effect can mean that if leaders at different hierarchical levels become misaligned with one another, employees may perceive mixed signals about the importance of the initiative and be less committed to implementing it. They hear conflicting messages, sense uncertainty, and get different stories from different leaders.

And there is deeper damage: the inconsistent words and actions hurt the leadership team's credibility and shake the organisation's confidence and trust. The result is churn, with employees losing time to confusion, uncertainty, frustration, and speculation.

### All or One?

It may become apparent that the problem is down to one individual disrupting the team dynamics rather than the team working together effectively.

Management failure occurs when the person appointed to do the job does one or more of the following:

- ✓ Fails to deliver the set objectives.
- ✓ Does not adhere to or agree with the organisation's values and culture.
- ✓ Cannot or will not work collaboratively.
- ✓ Acts in their own interests and not that of the leadership team;
- ✓ Undermines management.

Whilst leaders tend to be twice as engaged as employees outside of the leadership team, they are not immune to the forces of disengagement and need to reflect regularly on why they joined and why they stay. Some leaders are sufficiently self-aware of what drives and inspires them so that they review and revise their role if their personal passion wanes.

However, many are trapped in roles that they no longer find challenging or meaningful, creating frustration and ultimately poor performance. A common pattern among those who derail is that they have had a series of low-challenge jobs, albeit at a senior level, and are essentially just doing the same job over and over, thus stunting development of a broad range of skills and perspectives.

The factors and processes that may lead to individual misalignment or derailment can be complex; and in fact are often the cumulative effect of several which typically play out over time. However, leaders who derail tend to have common characteristics:

- ✓ Difficulty in changing or adapting,
- ✓ Problems with interpersonal relationships.
- ✓ The failure to build and lead a team.
- ✓ Failure to meet business objectives.
- ✓ Too narrow a functional orientation.

## 5. Identifying the Danger Signs

Members of the leadership team may not at first notice the difference between true team alignment and passive compliance. On the surface, passive compliance has the look and feel of courteous agreement between people in meetings. The CEO may see colleagues nodding their heads, dissent is not obvious but a week later deadlines are being pushed for no obvious reason and communications between players reveal discord and conflict.

Any type of organisation can experience misalignment and it can quickly turn a fast-growing and profitable organisation into one with declining performance. The larger the organisation, the more susceptible it is to misalignment, but smaller companies also suffer from similar problems.

Senior Leaders and HR Professionals need to look out for:

- ✓ Limited or no leadership performance feedback.
- ✓ Personal agendas interfering with management such as recruitment/promotion to secure personal loyalty at the expense of high performing and more qualified employees.
- ✓ Compensation, particularly incentives not appropriately linked to performance.
- ✓ Wasting resources: budgets awarded on favouritism rather than actual business needs.
- ✓ Empire-building: individuals believing that the more people they manage, the bigger the budget, the quicker they will be promoted, resulting in raging battles around budgets, strategies and operations.
- ✓ Interdepartmental competition and turf wars between rival managers leading to the emergence of silos, which results in communication gaps. Plans are heavy on talk but light on action.

- ✓ Ineffective Meetings: focusing on point scoring and buck-passing rather than sharing responsibility and collaborating to solve problems.
- ✓ Limited collaboration: every man/woman for themselves attitude. What's in it for me?
- ✓ Morale issues, such as reduced commitment and enthusiasm from other teams.
- ✓ Backbiting becoming common and public.
- ✓ High rate of absenteeism and a high employee turnover rate.

A truly aligned team is vocal about its concerns, they spend the time to work out their differences and when they do actually align, they are ready to move forward with the power of each individual's 100% commitment to a clear objective.

## 6. Cultural Alignment

Understanding your organisation's leadership culture is an important route to recruiting and developing the right leaders, creating a seamless and well aligned structure. It also helps define the best route to ensuring that strategies are executed in a way that isn't at odds with the organisation and leadership, matching culture to operational need.

The Centre for Creative Leadership describes a hierarchy of leadership culture:

- ✓ Dependent
- ✓ Independent
- ✓ Interdependent

Organisations, like people, tend to evolve along a path from dependent to independent to interdependent. Each of the three levels is characterised by a set of beliefs, behaviours and practices. Each successive culture is more sophisticated and can respond more successfully to deeper challenges.

The core reason is they can think, learn and respond to challenges faster and better. Cultural characteristics can be explicit or implicit and are often difficult to see or discuss.

### Dependent Leadership

Essentially a command and control culture - authority and control are held at the top. Success depends on obedience to authority and loyalty. Mastery and recognition of work operates primarily at the level of technical expertise.

Dependent cultures tend to have a conservative approach to change, an emphasis on keeping things running smoothly and the tendency to publicly smooth over mistakes. They find it more difficult to implement an innovative, agile strategy.

### Independent Leadership

Leadership emerges from a variety of individuals based on knowledge and expertise with authority and control distributed through the ranks. Characteristics include decentralised decision-making, individual responsibility and expertise and competition among experts.

The focus is success in a changing world and adapting faster than the competition. Individual performance is an important source of success and status, an emphasis on taking calculated risks, open disagreement, and independent actions within functions or workgroups. Mistakes are treated as opportunities to learn.

### Interdependent Leadership

Leadership is a collective activity that requires mutual inquiry, learning and a capacity to work with complex challenges, with authority and control shared based on strategic competence for the whole organisation.

These types of organisations can handle high levels of complexity and are more fluid, drawing on individual talent, connecting effectively across boundaries and adapting as needed.

The mindset is that of collaborating in a changing world so that new organisational orders and structures can emerge through collective work. Mistakes are embraced as opportunities for individual, team and organisational learning, and both positive and negative feedback are valued as essential tools for collective success.

Identifying and recognising your organisation's leadership culture and hopefully that of the organisation as a whole is a step forward in mapping and measuring alignment and ensuring that everyone is indeed rowing in the same direction.

## 7. The Influence of Teams

An aligned leadership team has members who are consistent about the organisation's goals, what people must do to achieve them, what success will look like, how they will measure it, and what leading indicators will show if they are on track.

People see and hear this synergy in meetings and communications, strongly affirming the leadership team's credibility and intent. Employees respect and trust leaders when they are aligned. People feel confidence in them and are motivated to do their best.

At the same time, alignment is dynamic and needs to be constantly worked at as it will vary in strength according to the marketplace and changes in interpersonal relationships. However, if the leadership team is functioning more like a collection of individuals rather than a collaborative and effective team, there may be some misalignment that needs to be addressed.

Leadership team alignment is more easily described than achieved. Leaders are often seasoned veterans who have different experiences and styles. Moreover, they typically have significant accountability for ensuring that their part of the organisation hits its goals.

The team need to focus on the work only it can do. Many top teams struggle to find purpose and focus. In a recent McKinsey report, only 38% of the executives surveyed said their teams focused on work that truly benefited from a leadership team perspective and only 35% said their leadership team allocated the right amounts of time among the various topics they considered important, such as strategy and people.

Too often, leadership teams fail to set or enforce priorities. In addition, they fail to distinguish between topics they must act on collectively and those they should merely monitor. These shortcomings can create jam-packed agendas that no top team can manage properly.

*“ I thought my team was perfectly aligned – until I asked them what our top challenge was, and got five different answers from five different members of the team.”*

Often, the result is meetings that go on far too long and don't engage the team, leaving members wondering when they can get back to 'real work'. CEOs typically need to respond when such situations arise and refocus the team on what they should be doing. CEOs can take several steps to remedy problems with team dynamics.

The first is to work with the team to develop a common, objective understanding of why its members aren't collaborating effectively.

## 8. Looking to the Future

Senior Leaders and HR Professionals need to think carefully when selecting senior executives ensuring that:

- ✓ Roles are aligned with the organisation's vision and the strategies that will be executed to bring the vision to life
- ✓ Candidates have the proper experience to perform in their role in order to successfully implement the strategies
- ✓ Roles within each function of the organisation must be properly resourced to be able to successfully meet the objectives of the larger organisation.
- ✓ Candidates should understand how their performance is directly linked to the performance of their team and the organisation as a whole, and how their role is aligned with the company's vision.

Research indicates that whilst values and cultural attitudes provide a foundation for employee engagement, to drive performance and results there must be a clear link between executable strategy and behaviour. Achieving this link is a top priority, and in most cases the CEO, not HR, appears to be leading the charge.

According to a survey by Deloitte, more than 60% of all respondents said their CEO is most responsible for influencing the company's culture and values.

Successful alignment is a meeting of minds producing agreement over actions not in everything, but in those few essentials about which there must be unity, such as beliefs about the fundamentals of the business.

Beliefs about the magnitude and pace of change required and the organisation's readiness to adapt also qualify as essential for alignment. Lack of agreement on these fundamentals saps leadership capacity.

Leaders should be open with each other about their personal beliefs and gain alignment on the essentials before charging ahead. Not doing this is like building on a house of cards. As events unfold and more information becomes available, it will be necessary to revisit these essentials to make sure that people are still aligned.

*Align and align again is the message.*

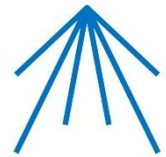
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