

# The Self-Aligning Business: Unified Strategic Business Change

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There are three interdependent drivers that are core to all successful change and alignment efforts. All three drivers must be held together within the context of a **Developmental** orientation in order to ensure sustained success. While this Developmental orientation will be explored in coming articles, we can review the key drivers herein. Those three drivers are: a unifying philosophy, a clear business theory, and a systemic technology. Aligning with and integrating these key drivers yields:

- consistently growing earnings, (without quarterly wobbles)
- retention of loyal and creative employees who think of the company as their own
- customers that depend on you for their competitive advantage

Almost all organizations, business or otherwise, engage in various business processes focused on change and improvement. Most of these organi-

zations allow individual leaders to select their preferred change processes and permit a variety of approaches to co-exist across the organization at one time. Although this approach seems democratic and is intended to encourage creativity, it actually tends to cause a loss of creativity and energy in the organization.

Many well meaning CEO's attempt to encourage cross-organizational learning in this way and some with top down led programs that appear to be more "whole", such as Six Sigma. Rarely, however, are these programmatic approaches as encompassing as need be in order to create the unifying thrust required to enjoy the desired outcomes expressed in bullet points above.

Fragmented and element use and installation of techniques, models and programs can have significantly adverse effects on your organization.

Among the side effects resulting from a multiplicity of programmatic approaches are:

- Mixed messages about what really matters
- Conflicting approaches and goals leading to missed targets
- Redundant and wasted human and organizational effort
- Non-strategic use of resources
- Cynical employees who are tired and increasingly suspicious of the myriad “flavor of the month” approaches.

Continuous improvement in financial performance (earnings, margins, and cash flow) as well as improvement in the marketplace performance requires an organization that is aligned from top to bottom and from input through output and beyond. Additionally, the business must continue to develop and improve that alignment. Therefore, the ability to develop and manage change becomes critical. The good news is that all companies and almost all employees understand the axiom “the only thing constant is change”. The bad news is that companies and organizations have embarked

on a massive set of programs and initiatives to ferment change and yet the general lack of strategic philosophy and approach to change efforts tends to cause less, not more, alignment and in many cases less flexibility to adapt to external forces over time. It is a little like multiple surgeons working on a patient without thinking about the patient as a whole, the degree of disruption the patient can stand, or whether drugs given by each surgeon might conflict. Each physician can defend their program, but the patient does not have the best care possible.

### **Holographic Business Change—Creating the Self-Aligning Organization**

In science, it is well known that healthy systems continuously change and manage themselves relative to an encoded pattern. They continue to grow and produce based on every part of the plant or animal “knowing” what the whole of the being is about and how each part is to function in order to carry out its role. This is an envious process for leaders guiding human systems, who have the desire to have the organization as a whole working as a single organism to achieve the organiza-

tion's ends and having every person feel a meaningful part of that creation.

A few systems in the corporate world have achieved such a way of working and have reaped the results in performance terms, as well as being rated highly as a place to work. They are following a process that is organic and yet replicable by any organization who is willing to put in the effort to achieve such an end. This article is designed to briefly outline the specific phases of a process that creates the conditions for such an effort.

A self-organizing business tends to evolve over a period of years by following seven phases of development.

### **Phase One: Setting-Direction for a Self-Aligning Organization**

Each business must begin by defining itself clearly and distinctively. However it is not sufficient to select a "key or sole" strategic path for the organization to follow and pursue. The main focus selected must have two characteristics. It must be differentiated from others in the field (i.e. can be competitively positioned) and it must re-

flect the essence of the business based on its founding vision, its people and its offerings. Where such thinking has been developed, it is possible to build the organizational processes necessary to have each person in the organization and each functional group wrap its work around such a direction and to be self-directing in their work.

### **Phase Two: Performance Indices—Stakeholder Alignment**

The self-alignment must be consistent with the business context made up of shareholders, customers, communities, and other stakeholders to the business and its performance. This set of work, although distinctive in its own right, is evolving as the Self-aligning Direction work is being done. The most effective means of developing performance indices for the corporation, and that which creates self-aligning energy, is by making the indices external to the organization. A series of indices are developed for each of the core stakeholders that makes clear what is a "life-giving" outcome *in those stakeholders' terms*. (I.e. what they consider is their Stakeholder's

highest measure of effectiveness) An example of one stakeholder and their related metric is the stock analyst. The stock analyst, when reviewing the company, is looking for “a steady increase in Return on Equity that exceeds other investment opportunities in the same class and reliable information from the company in predicting its performance”. This can have a numeric attached to it also, but your people are aware that it is fluid and that the critical pursuit is the qualitative description of what that represents. For individual customers, there will be performance indices that increase the desirability of our base product over other options that have seemingly the same value. The key idea here is that the front-line performance indices cause the organization as a whole to look external and to develop internal performance measures based on the “real wins”, which is making our stakeholders effective. When internal measures are used as the “front-line” metrics, they do not provide the same base for self-alignment, since the drive to achieve a collective success is less clearly defined.

### **Phase Three: Creating a Value-Adding Mind-set and Leadership Team**

Organizations that are truly self-aligning, have people from the top to the bottom who can think about the business as a whole, its stakeholders, and can translate “daily” the strategic positioning of the company into business decisions and activities. Capability is built across the organization to think in a more holistic, systemic and organic way which is necessary to create self-organizing and self-aligning units. The traditional model is to pass the new Business Strategy down into the organization without this capacity being built. The “receivers” continue in their old way of working and tend to segment the work into elemental pieces, losing the connection to the whole that is necessary to be truly self-aligning with a corporate vision and singular direction. It is a bit like the metaphor of “putting new wine into old wineskins” that cannot support the new ideas and values imbedded in them.

A significant part of this development process is connecting the organization to the external stakeholders. The thinking needed to develop the natu-

ral working teams around particular customers, markets, and core processes of the business must be developed. It basically requires developing a “Value-Adding Mindset” into the organization.

In organizations that have done this work, you can ask any salesperson, any operating person, or any member of a functional group, “what is the core direction and strategy of the business?” Not only can they tell you the answer, but they can tell you how they are to be achieved and what their personal role is in that effort. They can also explain how their actions will affect earnings, margins, and cash flow and be explicit about the nature of value their effort contributes to their company’s customers and stakeholders. Such understanding converts a static organization which is only experienced in “taking direction” into a living organism which works as a single entity being self-directed toward unified strategic business change.

#### **Phase Four: Performance Links to Meaningful**

##### **Work across the organization**

Each organization unit can now develop performance indices for the unit and create the per-

formance efforts that ensure each indices and each person is tied to meaningful work. Many change efforts over the years have seen new “marching orders” come into the ranks but the work seems less meaningful and unconnected to the day to day work of the front-line operations and functional units. The work of connecting the entire organization to the external stakeholders must now be translated into goals and objectives and projects that achieve the “Unifying Self-Aligning Direction”. This work is necessary so that there is more flexibility to respond to market and customer changes, and to ensure each business unit has the ability to stay connected to the overall driving force of the organization.

Another key element here, however, is to ensure that the creativity of each individual can be contributed to the working of the business. Organizations that are truly self-aligning are so because each individual feels less like a “chess piece” for the management, and more like a key ingredient in achieving the “corporate direction and stakeholder performance indices.” They know how their uniqueness can add critical ingredients to

the whole. This is a development process that requires that each individual gain and maintain and understanding of how their daily work results in specific business outcomes. Through this understanding they can increasingly see and appreciate the difference each person makes in that work.

### **Phase Five: Work Redesign**

It is possible to design work and build capability using a better understanding of how the brain works, such that change is valued and embraced by those involved in the process. However, most organizations were designed based on the idea of a static working hierarchy where direction was spoon- feed down through the ranks. For an organization to be fully self-aligning, it must have more organic work systems and structures based on the natural flow of the core processes and core purposes of the business. Many organizations seek to change, by beginning with work redesign or work restructuring. It is far more effective to do this work after the overall corporate direction is clear, after the organization knows how its needs to be working to achieve the “strategic direction” and after the organization members feel

they understand the reason for the new design. It is then that the implementation of work design actually takes place, when creating a self-organizing work process, simultaneously with the building of capability to think more systemically and more developmentally. It is often said that “people are resistant to change”. This is not the case when approaching change through a new and shared understanding of the true nature of change and the elements of change that typically trigger resistance. Developing this understanding and designing from that new mindset is the essence of this phase.

### **Phase Six: Personal Development Plans**

To keep the self-aligning process alive, each member of the organization needs to have a personal development plan that is aligned with the “corporate direction and the performance indices of the business and the business unit”. This plan specifies what each individual will contribute to the achievement of the various organizational objectives and how these fit with the business direction of the whole. Built into the plan are personal development aims, learning and contribution ob-

jectives, and business measures which link to the business unit and the organization as a whole. It is further tied to earnings, margins, and cash flow.

**Phase Seven: Continuous Improvement, and Development, and Regeneration**

This phase is continuously overlapping with other phases. A culture of continuous evolution is being fostered, so that people are seeing all current efforts as fluid and subject to change based on ever changing factors in the market and business environments. The practice of Reflection is taught and incorporated into each of the phases above and the processes of daily work. Individu-

als are taught to reflect on three levels: the personal, team/group, and unit levels and in relation to all stakeholders. Mental structures for such thinking are included in every phase.

Phases are, by their nature, recurring, as are phases of the moon and are not necessarily sequential at all times. Some will be more complete before others, but it will be necessary to revisit each one to evolve the thinking to fit the new market and business environment.

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