

It is widely known that organizations with well-defined strategies often fail during execution because their day-to-day operations are not aligned with their overall objectives. In an attempt to bridge this gulf, many organizations have resorted to deploying dashboards populated with financial and operational metrics. Unfortunately, experience has shown that managing by numbers alone is unlikely to improve an organization's performance.

To hone performance, organizations must go beyond keeping score with metrics to ensure that everyone has a common understanding of both what they are trying to accomplish (goals and objectives) and how they intend to accomplish them (programs and initiatives). An organization that aligns goals, initiatives and metrics

increases internal and external transparency, becomes more effective, and can respond to performance issues and market changes more quickly. An alignment-focused organization is much more likely to achieve its objectives.

The key to bridging the gulf between strategy and execution is operational alignment. Operational alignment can be achieved when organizations arm their employees with the information they need and empower them to quickly respond to issues that move the organization closer to its objectives. Organizations must motivate their employees with integrated and cascaded objectives, manage priorities based on impacts rather than perceived urgency, monitor progress towards outcomes, and measure both operational and financial performance.

4Ms for alignment

by Jonathan Becher, Pilot Software



1. Motivate

While many things must click in order for an organization to succeed, the single most important factor is its people. Failing to get stakeholders interested in their roles and excited about the company, an organization will have an army of

employees operating with disparate agendas and doing little to effectively advance organizational objectives. Hence, motivation is a key component for building an alignment-focused organization.

An important aspect of motivation is presenting stakeholders – employees, partners, customers and the financial community – with the big picture of the organization's key long- and short-term goals. While most organizations have developed objectives and many have formalized them into a strategic plan, too often, only the goals' authors understand exactly what they mean, while those charged with executing them rarely understand how the goals should impact day-to-day activities. Consequently, goals become empty visionary platitudes. To advance performance, organizations must transform goal development from its current isolation in the planning office to an exercise that involves more stakeholders and is more interactive, more frequent, and more explicitly tied to organizational operations.



2. Manage

Once an alignment-focused organization has decided where it wants to go, it must manage priorities to ensure day-to-day execution supports the company's objectives. Unfortunately, in most

organizations, there is no explicit link from each project to a specific goal; consequently, many project participants don't understand why the project is important. Without this link, it is difficult for organizations to prioritize between projects that compete for resources. As a result, priority is often given to projects with the most political capital or those that are the furthest behind schedule, rather than to projects with the highest potential impact.

To advance performance, organizations must move from simply tracking project resources and activities to collaborating on cross-departmental milestones and dependencies, tracking interactions between projects and linking activities back to goals. Rather than optimizing their current processes to be more efficient (i.e. 'do the work right') they should consider which projects justify the most emphasis to become more effective (i.e. 'do the right work'). In other words, organizations should move from just managing projects to also managing initiatives.

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3. Monitor

The alignment-focused organization monitors progress on a regular basis by systematically tracking progress and alerting stakeholders not only to issues, problems and failures, but bright spots and successes as well. Stakeholders can then

react quickly to problems, identify where things are broken and correct issues in a timely manner. Conversely, monitoring helps stakeholders identify what is working particularly well in one area and propagate these methods to other groups, contributing to more effective advancement of its goals across the organization.

To enable monitoring, organizations must translate strategy into quantifiable terms and establish target achievements in advance. Even ‘soft’ or intangible objectives should be monitored. For example, ‘improving employee satisfaction’ might be quantified through the use of employee surveys with the target of improving results by five percent every quarter. Without quantified goals, it is difficult for an organization to have a consistent view of its performance and to know where to focus its attention to improve performance.

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4. Measure

Through careful monitoring of its goals, an organization can focus its efforts of measuring performance on those metrics that have the greatest potential impact. By adding context to each key performance indicator that explains what they are, how they’re calculated, and how they’re to be used, the alignment-focused

organization avoids the resource drain and potential confusion caused by most metrics dashboards. Key performance indicators easily show trends of time and allow organizations to benchmark themselves against others.

It is also useful to conduct what-if type analysis to project future performance based on current results and manipulate related key performance indicators to determine potential outcomes. These analyses allow for testing of assumptions made in devising the strategy and identify measures or targets that might be contributing to dysfunctional decision-making. Using these tools, organizations can identify issues and causes of concern and adapt appropriately to changing business conditions.

The alignment focused organization

An alignment-focused organization provides a shared frame of reference for all employees and empowers them to effectively contribute to organizational objectives. Following the 4Ms of alignment (motivate, manage, monitor and measure) allows an organization to drive functional and individual accountability and provide transparency across different business units. Only by ensuring alignment of its day-to-day operations with its overall strategy and long-term vision can an organization hope to become one of the 10 percent of organizations who effectively execute on their strategy. ■

ABOUT THE AUTHOR

As Pilot Software’s Chief Executive Officer and President, Becher is chartered with providing the overall strategic direction of the company. Leveraging his extensive operational expertise, Becher leads the company’s own internal performance management deployment and spearheads bringing Pilot’s award-winning and patent-pending performance management solutions to the market. He is a frequent speaker at industry conferences, an active member of the performance management community, and author of multiple papers on a wide range of subjects.

Prior to Pilot Software, Becher was interim CEO and President of Accrue Software; and President, CEO and co-founder of NeoVista Software. Earlier in his career, he held a variety of senior roles at MasPar Computer Corporation.