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The POWER of ONE

Achieving the alignment that leads to enterprise value

by Susan Diehl

Picture this: A group of leaders passionately debating a strategic direction, creating a single set of messages for its shareholders and employees, executing the strategy flawlessly, and delivering value. Such is the power of one: one voice, one direction, one result. An aligned team leads swiftly, purposefully, and cohesively, and the results are dramatic. Yet, how many teams truly demonstrate a high level of alignment? Not many. The reasons include indecision, poor teamwork, low trust levels, slowness to act, weak leadership, lack of focus, silo mentality and many others.

As part of a recent research project, I had the pleasure to speak to some CEOs about what drives positive results. Some key themes emerged from their thoughts on how to achieve alignment. First, the CEO needs to assume ownership of aligning the leadership team and the organization. It is the leader's role to put the right team in place and relentlessly pursue team alignment. As Jim Collins writes: "first the 'who,' then the 'what.'" Second, the team must work collaboratively to create a vision, set objectives, and make strategic decisions. Third, a structure must be in place to drive collaboration and strategy execution.

When I asked about how to measure alignment, I heard "unity of action," "goal achievement," and "financial returns." I discerned that enterprise value is the ultimate goal of alignment. So how does an organization achieve the alignment necessary to improve enterprise value? It does so by committing to a process-driven approach to alignment. A pursuit of sustained alignment is driven by three disciplines. First, the team must work to develop cohesive functional teamwork. Second, the team must agree on a compelling strategy that sets the direction for the future and captures the hearts and minds of employees. Third, the team must execute the strategy with disciplined thought and action.

Sound easy? It is a journey that requires commitment and vigilance. However, its impact is great. Think of what you can achieve in leveraging the power of an entire organization that performs consistently well. It's the power of one.

Developing Functional Teamwork

We have all been captivated by Patrick Lencioni's illustration of a highly functional and cohesive team – one that is founded on trust, engaged in conflict, fully committed and accountable, and focused on results. Highly functional teams need highly functional leaders – those who probe for insight, engage in critical thinking, and listen carefully to those with whom they disagree. Tony Schwartz writes in the *Harvard Business Review* blog: "The best of all leaders – a tiny fraction – have the capacity to embrace their own opposites, most notably vulnerability alongside strength, and confidence balanced by humility."

One might ask why a highly functional team is critical to business success, especially if the organization has a great group of high performing talent. Doesn't working together as a team just slow things down? After all, teamwork requires boring meetings with endless PowerPoint presentations, right? Would we not be better off just letting our people do their own thing? Simply put, no. Collaboration drives efficiency in an organization. Unless everybody knows their roles and executes them well together, it will be difficult to fulfillthe purpose of the organization. Moreover, without some synchronicity of movement, unproductive conflict and morale issues among employees are sure to arise.

Collaboration can only thrive in a culture where employees want to work with each other. It is the leader's job to foster this culture by building trust, pursuing thought excellence, and allowing everyone's voice to be heard. Unless people trust one another enough to share ideas without fear of retribution or ridicule, the organization will struggle to harness the collective intelligence of its employees. The willingness – indeed, the desire – to engage in constructive debate is essential to producing the best and most thoughtful solutions. Leaders must model the behaviors they expect from their organizations; they must demonstrate openness to new ideas, encourage honest feedback, and "walk the talk" by trusting their employees. Of course, none of this is possible unless employees and leaders are trustworthy. A culture of trust enables commitment, accountability, and attention to results – not to mention higher morale.

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A Strategy that Captures Hearts and Minds

A highly functional team is able to pursue alignment around a clear and compelling operating strategy. This begins with a shared vision and purpose, the creation of which a culture of collaboration (as described above) readily supports. Like people, organizations need to know who they are and where they are going. This begins with discovering core values, stating a purpose, and crafting a shared vision. None of these are static. The vision feeds and informs the collaboration, and the collaboration creates an environment in which necessary changes to the values, purpose, and vision will become clear over time.

Communication is the fuel that drives this alignment process. (Lencioni urges us to "over-communicate the vision.") It is the context for collaboration. Who are we? Where are we going? What do we need to do to get there? How is what we are doing now moving us toward the shared vision? What (not who) is right? Such regular communication greases the gears in a well-tuned machine. The whole is indeed greater than the sum of its parts.

In addition to collaboration, there is a (seemingly) inconsistent feature of aligned organizations: competition. A healthy collaborative culture needs a catalyst to propel ideas forward or in another direction, react to new variables, and innovate. Competition fills that role, though it is

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somewhat paradoxical in that it breeds isolation and collaboration simultaneously. Football is a great illustration. Players compete against both their opponents, and against their teammates, who want to take their place on the field. This keeps them sharp and improves their performance; yet, there is a time when competition becomes secondary to collaboration, and to continue to pursue it as a strategy will sub-optimize results. The same goes for business organizations. Without some internal competition, stagnation may set in. However, too much competition can erode trust and lead to divisiveness in the organization.

In summary, to have the right balance of collaboration and competition, an organization must first provide its employees with a reason to want to be present each day. A clear definition of “who, where, how, what, and when” provides the framework around which to align and a message to spur the organization into action. Capturing this strategy in a simple format – ideally on one page – will deepen clarity and capture the hearts and minds of everyone in the organization.

Pursuing Disciplined Execution

With a strategy in place, the leadership team can now begin confidently to execute the strategy. In *Good to Great,* Collins notes that great companies that execute well have disciplined people, thought, and action. How does a functional team align around these disciplines? First, it begins with a commitment to a regular meeting rhythm, the hub of the interdependence between functional teamwork and a clear strategy. Solving problems, working through conflict, and working together on important business issues is how teams practice teamwork and build morale. Moreover, meetings are how organizations get work done; they are the vehicles for leveraging the team’s collective intelligence, watching trends, confronting ugly truths, and monitoring results. They are the gears that drive alignment. Imagine a team that only comes together to debate and discuss business once every four or five months. It is virtually impossible for that team to ensure it works on the right things, stays committed to decisions, holds itself accountable, and delivers high performance. Indeed, chaos and silos are the

more likely result.

Second, as Collins writes, the leadership team should "preserve the core and stimulate progress." This means the leadership team must engage in disciplined thought around market risks, key business decisions, and opportunities to innovate products or processes. Innovation requires a team to collaborate on the current position of the business and what needs to be done to achieve the future goal. Innovation also requires high quality debate as well as a careful allocation of resources – time, talent, and finances – to pursue the right kind of innovation.

Finally, setting clearly-defined short-term, mid-term, and long-term priorities is critical to disciplined execution. For one thing, goal setting provides a clear link to the operating strategy and demonstrates progress toward fulfilling the vision. For another, setting and achieving goals, especially in a collaborative culture, keeps team spirits high and fosters strong commitment to future goals. Most importantly, setting and achieving goals is both cause and evidence for the alignment of the leadership team. It is one more way to reach clarity, work together, and build a performance mindset.

A Process in Motion: Alignment to Build Enterprise Value

A highly functional team with a strong leader, a clear and compelling strategy, and the discipline to execute that strategy is the recipe for creating strong business results. And, the research does link great teamwork, strong collaboration, and disciplined execution. Sustained alignment, once achieved, is not guaranteed. It requires continued diligence in the areas of teamwork, strategy, and execution. The rewards include improved business results, increased organizational and leadership capabilities, reduction of unnecessary turnover, and greater enterprise value.

One team, one voice, one direction – it's the power of one.

End Notes

1. Collins, Jim, *Good to Great* (2001)
2. Lencioni, Patrick,*The Five Dysfunctions of a Team* (2004)
3. Schwartz, Tony, "The Four Capacities Every Great Leader Needs (And Very Few Have)," HBR.org, October 13, 2010
4. Teams do not want to invest the time it takes to ensure that they are on the same page, to clarify roles, to confirm decisions. However, it takes far more time if you do not invest the time up front to align a team around these critical things. It goes back to one of my favorite sayings: "if you don't have the time to do it right the first time, you don't have the time to do it over." The concept of time is misunderstood. Many executives believe that they are acting too slowly when they have too many meetings. Consequently, they don't take the time to agree on objectives, actions and communications. However, the teams that fail to gain this upfront alignment may complete tasks, but they will not gain commitment or capture the hearts and minds of those in their organization. As a matter of fact, a regular meeting rhythm should take less than 10% of a team's time.This is because many of the unnecessary meetings we attend are the result of a lack of clarity up front.
5. Collins, Jim, *Good to Great* (2001)
6. *Id.*
7. Priem, Richard L. "Top Management Team Group Factors, Consensus, and Firm Performance." *Strategic Management Journal.* 1990. Vol. 11. Pg. 469-478.Simons, Tony. "Top Management Team Consensus, Heterogeneity, and Debate As Contingent Predictors of Company Performance." *Academy of Management Journal.* 1995. Pg. 62.Bourgeois III, L.J. "Performance and Consensus." *Strategic Management Journal.* 1980. Vol 1. pg. 227-248Dooley, Robert S., Fryxell, Gerald E., and Michie, Susan G. "Top Management Team Heterogeneity, Consensus, and Collaboration: A Moderated Mediation Model of Decision Quality." Academy of Management Proceedings. 2002. BPS L1. Isabella, Lynn A., and Waddock, Sandra A., "Top Management Team Certainty: Environmental Assessments, Teamwork, and Performance Implications." *Journal of Management.* 1994. Vol 20, No. 4. Pg. 835-858.O'Reilly, Charles, Caldwell, David F., and Chatman, Jennifer A. "How Leadership Matters: The Effects of Leadership Team Alignment on Strategic Execution." Research Paper Series – Stanford Graduate School of Business. June 2005. Research Paper No. 1985.

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