Strategic alignment in companies: The missing link?

by Thomas Oosthuizen

Strategic non-alignment remains one of the greatest shortcomings of many companies – where many of the activities they are involved in on daily basis seem to bear no relationship with the strategic objectives and intent of the business.

I have spent many hours of my professional life in client meetings discussing the non-delivery of their companies in basic areas like customer service; the failure of product quality; expensive infrastructure or cost-bases, and the lack of customer information and business processes designed to deliver financial information at the exclusion of customer information. I have always been fascinated about how able we are in our companies to justify such inefficiencies!

While talking to someone who does a lot of work in the mining industry recently, this issue was under-scored as one of the key elements that cause inefficiency amongst executives in mining companies (which is not even a customer-driven industry!).

Many years ago, I remember a UK-based management consultant in the automotive industry telling me he spends his time work-shopping the impact of strategic plans on the activities of every person in his client companies.

His concern was that many company strategic plans fail to direct the daily activities of management and staff that will enable the delivery of the strategy.

People in companies often get process-driven, where activities become entities in their own right, without being questioned as to their strategic intent in the overall success of the business.

I believe in a simply philosophy: the shortest distance between two points is a straight line: in getting from ‘A’ to ‘B’, management has one task: to facilitate its staff in delivering to customers as fast and efficiently as possible. All functions and processes of the company, are primarily there to facilitate this outcome.

The shorter this line between input and output, the better the delivery for customers and the higher the efficiency of the company, all else being equal.

For years, companies like banks have constructed IT systems that are primarily designed to deliver revenue and control expenses, not the best customer-experience that will create brand equity and a committed customer-base that enables better profitability. And whilst the control function is important in any business, it never takes precedence over the strategic intent of the company.

I remember when I still worked for a bank many years ago being told that there were 41 steps between a customer asking for an overdraft, and the bank manager being able to say “yes” to him or her! This is an example where process overtook purpose.

I have been fortunate to be part of the early processes of new companies being set up. These companies design their businesses to deliver what it sets out to do.

When Outsurance was conceived, the name, corporate identity, marketing, distribution system, people recruitment and training, information systems, company procedures, and everything about the company, was designed with one single purpose in mind: to provide customers with the best possible service experience, and to deliver on the stated customer benefit. There is a straight line between the benefits that are promised to customers, and what the company does.

We all know the often-quoted Disneyworld core consumer-benefit: ‘to make people happy!’ This focuses management and staff attention and questions every activity that does not deliver on that promise.

This means that every person in the business knows exactly what to do to deliver on that promise. It also means that this becomes the primary driver of the business and the way that staff is incentivised.

Yet, we spend days in companies with meaningless strategic debates that have no significance in the overall scheme of things, which is to make and keep the company competitive against its rivals.

Recently, the founder of Starbucks reminded his staff that their prime objective remains the dream to deliver a different experience, and that everything else is subservient to that. Only that will ultimately ensure long-term company success. Michael Dell, the founder of Dell, recently going back to Dell Computer, also cited...
its founding philosophy as being the driver of the
business, and urged his staff to return to basics. The success of the UK retailer Tesco, since the middle nineties, is based upon ‘getting-back’ to its core business of knowing its customer and delivering the best products and service at the best price.

When 20twenty, which unfortunately was dealt a mortal blow after the Saambou collapse, was designed years ago, the entire company was designed to deliver the very best service of any South African bank – and it delivered that, so much so, that when Standard Chartered Bank bought it two years later, it retained 40 000 of the initial 45 000 customers it gained!

Let us remind ourselves that business success depends upon:

• Delivering a product or service that people want, at a price that offers fair value;
• Differentiating it from any other company/brand with a similar offer;
• Giving it a name and identity that encapsulates that value proposition (keep the line straight, everything else contaminates it);
• Telling consumers simply and exactly what they will get when they buy your brand – do not get caught-up in ‘marketing-speak’;
• Having it available where and when they want it;
• Ensuring that your staff and company deliver what it promises –by recruiting the right people; designing the infrastructure, systems and procedures to support that; training people to deliver that;
• Delivering all of these in a faster and more cost-effective way than your rivals.

This sounds easy enough – yet, most companies get it wrong.

Either they do not tell you why their brand is better; or their staff do not deliver what it promises in its marketing; or its advertising or marketing is not understood by the market; or it is not available when consumers want to buy it. Which reminds one of the acronym: ‘KISS’ – keep-it-simple! It works for everyone, particularly for staff who need to remember it in every activity they execute.

Complexity in business costs money. By sticking to what really matters to your customers, you will build a superior business.

Strategic business effectiveness stems from delivering exactly what the market needs and wants, faster and more efficiently than your rivals.

Always use the strategic intent of the business as the core driver for all activities within the business. If it is to deliver superior customer service, every activity should be designed in the light of that.