

5 Organization Misalignments That Are Hurting Your Business

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When functions try to improve without aligning with the larger organization as the primary outcome, they tend to hurt rather than help business performance.

In good and bad economies, support functions such as HR, Finance, and IT are in a continual cycle of growing then shrinking and centralizing only to decentralize. They are reengineering, downsizing, outsourcing, or creating shared service organizations. One day they are asked to increase responsiveness, the next they're asked to cut cost and improve efficiency.

Most change efforts focused on support functions have unintended negative results. For example, when the HR function makes what it feels are positive changes, line leaders often have a negative view.

While they value the contribution of the HR people assigned to them, they don't value the contribution of the function. Why? The changes HR makes to improve the function do not help the line leaders improve business results. When functions try to improve without aligning with the organization as the primary outcome, they

tend to hurt rather than help business performance.

Unfortunately, misalignments similar to those described above are commonly substituted for value adding improvements that align with organizational goals. As you read below, see which of the five types of misalignments you are familiar with from the past, and perhaps even right now.

Five types of misalignments:

1. Optimizing the function

Often a function will implement changes that make their work more efficient or easier while making it harder for the organization to achieve its goals. Support functions must know who they are connected to and how their actions and improvements will impact the core business. When you are in a support role, most of the requirements need to flow from the business needs out rather than from the support organization to the business.

2. Standardization versus customization

Standardization is a common solution in streamlining functions and cost-cutting initiatives. When properly applied, it creates great value and cost savings. But when business drivers call for customization, standardization results in rework, shadow organizations, and other drains on people's time. The belief that work is scalable is not enough of a reason to standardize.

3. Utilization versus availability

Functional groups are often challenged to be available whenever someone wants their services but also be lean enough that their people are being fully utilized. Managing utilization versus availability often feels like a no-win situation. In fact, trying to do both is a no-win. Functions must be clear about the primary drivers of business success to determine where they apply utilization versus where they apply availability as organizing principles. To do so, support organizations need a clarity on what work creates value and a clear method for prioritizing work..

4. Solutions looking for problems

Many improvement efforts are solutions looking for problems. Many functions, in being proactive with good intentions, identify a concept that they find compelling, get management support, and implement the concept without understanding the relevance or application on day-to-day work. Creating work for others may be the single largest contributor to the credibility gap between functions and those they serve. So, always identify what business need you are meeting. Otherwise, your leaders may see your work as an added burden or distraction from real work.

5. Accountability confusion

This occurs when functions police budgets, policies, and procedures that belong to the

line and become accountable for issues that belong to the line. It's alarming how many functions desire this responsibility. It creates misalignment, victims out of those who are being policed, and becomes a rationale for the line not taking responsibility and accountability for results.

Solutions to misalignment involve understanding requirements (what effective support looks like) and determining what responses drive the

most value. This includes looking at the work you are doing and understanding how to best position the work for the good of the business. The most lasting solution comes from understanding business purpose and strategy and aligning all functions to the same end result. Most leaders see the need for alignment but don't address what is being aligned. Alignment implies direction or a reference point to align everything else with.

Business leaders love to work with support functions that are responsive and have the best interest of the business as their purpose. Support functions that are in tune with the external customer and corresponding business needs make a significant contribution. They have clear priorities and those working in the function understand the role their work plays. It is not easy but it is definitely worth it.

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