

The Alignment Advantage

*Transform your strategy, culture
and customers to succeed*

Richard Nugent



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This book is dedicated to every business owner who faces into the unknown every day.

And every leader who strives to make the lives of their people better, while trying to deliver what needs to be delivered.

Most of all it is written with thanks to Joanne, Sam, Will and George, for your patience, support, love, laughter and lessons in life.

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Introduction

Becoming part of the 5% Club

Over the past twenty years, I have worked with some of the best and most well-known organizations in the world. I have learned from and studied with some of the most brilliant people in the fields of leadership, culture, personal development and change. In many ways, this book is a culmination of this journey.

However, it would be misleading to say that the alignment was born from a desire to create a product. Instead, the methodology and its results were, initially at least, emergent. The advantages that come from aligned understandings of strategy, culture, brand and customer experience were obvious to see in those select few organizations that focused on that alignment. The negative impact caused by a lack of alignment, and the challenges caused by myths around strategy and culture, were equally stark. It became impossible to ignore the Alignment Advantage, and over the past four years the methodology has stood up to test after test. It is as robust as it is powerful. For most organizations and teams, the ALIGNED® methodology will not just create a huge advantage, it will also be revolutionary.

By reading this book and applying your learning and insights, you will break down silos in your organization. You will unite teams. You will refine what needs to be delivered and the systems, processes and structures to achieve what needs to be achieved.

You will make your organization a better place to work – at least for those who really want to contribute to its success. Vitrally, you will create clarity about what your customers should experience.

On a personal level you will have a greater understanding of strategy, and how to create and execute strategy, than most other people in your organization. You will have a clearer understanding of what really drives organizational culture. You will have a framework for

changing culture, and you will be able to use your understanding to build teams and organizations that feel connected and collaborative.

You will be able to see through some of the common myths about brand and customer experience in a way that many in organizations of all sizes can't. If you are in a position to make the changes necessary, your customers, clients and guests will notice the difference. They will feel differently about your product or service, and you will have the tools to measure their new experience.

By making the most of the Alignment Advantage, you will become part of the 5% Club.

It is worth acknowledging that if you are a leader who is committed to their business, you will read the first couple of chapters of this book and assume that you, your team and your organization are already part of the 5% Club; however, the chances are that you aren't. It is much more likely that you are among the 95 per cent that aren't aligned.

That isn't a criticism; instead, you are about to uncover an amazing opportunity.

What is the 5% Club?

Over the past five years we have worked with hundreds of teams, groups and organizations, and assessed them to discover how aligned they are strategically, culturally and in the experiences that they want to create for their customers, clients, guests or visitors.

The results of our diagnostics are consistently stark. Fewer than 5 per cent of the most senior teams in organizations of all sizes are clear and aligned in their understanding of strategy, culture and customer experience. More importantly, and surprisingly to our clients, in 95 per cent of cases those teams are not aligned on what the key strategic objectives they are working to deliver are, whether their culture is right for what they are being entrusted to deliver, and on the experience they are trying to create for their customers. In short, most executive teams think that they are aligned, yet they aren't.

Those who *are* fully aligned take a competitive advantage in their sectors that looks almost inexplicable to those who aren't looking through an ALIGNED® lens. Take the UK retailer Sports Direct as an amazing example. The company was founded in 1982, and at the time of writing is the UK's largest sporting goods retailer. In 2021 the Sports Direct division of the Fraser Group's reported revenue was in the region of £1.4 billion. However, this success is not without criticism or controversy.

If I were to ask a group of 100 people at a conference whether they had ever shopped at Sports Direct, around 80 per cent would put their hands up. If I asked that 80 per cent what Sports Direct's strategic intent is, the answer is unequivocal – stack it high, sell it cheap.

If I ask that same group about the organization's culture, the answers are as consistent. The vast majority of people say that they would not want a family member to work there. There is a strong perception that its young frontline workforce is not too well taken care of.

As for our experience as customers, most of us expect long queues, and frenetic staff who do their best to get what their customers want in a reasonable timeframe. The expectation of what we would call the X are low. Yet, despite all of Sports Direct's many perceived faults, so many of us go back time and time again. We contribute to one of the most astounding success stories in the UK retail sector in recent history.

Why is Sports Direct such a success? One key factor is, undoubtedly, the fact that they are a shining example of the Alignment Advantage in full effect. Their strategy is crystal clear for all to see and understand. Their culture is perpetuated and is exactly what is needed deliver their strategy. And everything about their brand and customer experience is aligned perfectly with their culture and strategy.

While Sports Direct isn't necessarily the coolest organization, it is a perfect example of one that has grabbed a huge competitive advantage by aligning their strategy, culture and expected customer experience.

How to make the most of this book

I have written this book to be used in two ways. Firstly, use the book to develop your understanding and clarity of the three main components of the ALIGNED® framework. You will also have a deeper and clearer understanding of how these elements must interact with each other. I would love you to share your new found understandings with your colleagues and team members. The insights alone will build even greater success for you all.

Secondly, I would like you to use the book as a toolkit. It should prompt action. While I want you to enjoy the book, it is much more important that it creates new ways of thinking and operating. In short, read and do, read and do, read and do.

The methodology around which this whole book has been created will allow you to position yourself as an expert, and to lead your people and your business better. You will get better results, bring teams together, and make decision-making better and easier. Please make the most of the competitive advantage you have in your hands right now.

Busting business myths

One of the greatest pleasures of developing the ALIGNED® methodology was challenging some longstanding and unhelpful business myths. I have studied leadership and worked with organizations for twenty years, and I have seen and heard so many unhelpful half-truths take root, cause conflict and inefficiency, and cause leaders to challenge what they know to be inherently right.

In this chapter I lay two of these myths bare. If my challenges feel uncomfortable to you, I urge you to involve others in your organization in the conversations about the myths. It may be that the approaches have served you at some point, but do they serve you now? As our organizations reshape themselves after a global pandemic and look to take advantage of the possibilities of hybrid working, it is vital that we challenge these two myths that hold us back from the advantages brought about by strategic and cultural alignment.

Myth 1: Culture eats strategy for breakfast

This myth is built on a quote attributed to the world-famous author, educator and consultant Peter Drucker. By the time Drucker died in 2005, aged 95, the Australian had authored 39 books which shaped many facets of modern thinking about organizations and how they should be managed and led.

To say that I respect Peter Drucker and his work is a considerable understatement. I believe that he was almost unfathomably ahead of his time in his thinking about how to connect human performance to

organizational success. It is no wonder then that hundreds of quotes attributed to him are still prominent and influential in the business world today.

The proposition is that culture is more important than strategy and so that is where you should focus your efforts. Throughout this book I, and those that I interview, will show why this isn't true. So given the reverence that I have for Drucker and my complete disagreement with the notion that culture should be set up as being superior to strategy (or vice versa, but I will come to that in the next chapter), you can imagine my delight when I discovered that Drucker never actually said that 'culture eats strategy for breakfast'. In fact, the first citation of Drucker saying it appeared in 2011, six years after his death.

The fact that the quote is misattributed is, of course, not my biggest problem with it. Nor is it its metaphorical ambiguity.

My main issue is that it invents a conflict between two vital components of a successful organization. It reinforces misunderstandings about the 'hard' strategy and the 'soft' culture, and it sets up a more and a less important side of the partnership. This kind of thinking helps to divide senior teams, creates silos and causes organizational conflict.

Instead of thinking of strategy and culture as combatants in a war of importance, we must instead think of them as partners in organizational success.

You must shape your organization's culture to be an enabler of your strategy. I will continue to reinforce this message throughout this book. If you don't align your culture to your strategy, it will, more than likely, become a strategic blocker. However, to do this, the leaders in the organization must be clear and aligned as to what the strategy is. Culture can't enable strategy unless the strategy is clear.

Another way to think about this is that strategy and culture are two cogs that drive each other. They work together to enable organizational achievement. When they are misaligned, the organization cannot perform at its best.

Culture does not eat strategy for breakfast. If I were to extend the metaphor I would be much more likely to say that they are two of the

three ingredients required for a healthy and nutritious meal that will set you up for a successful day.

Myth 2: Great organizations start with why

This is perhaps an even more challenging myth for me to debunk. For many years, Simon Sinek's legendary 2009 TED Talk 'How great leaders inspire action' was a formative part of my leadership thinking. It has been watched over sixty million times (Sinek, 2010).

In case you haven't seen it, the presupposition is that the difference between great organizations like Apple and the rest is that this organization started with a purpose or core belief. This helped Apple to engage people in a way that others couldn't. It is a compelling proposition that lands well for reasons I will come onto very soon.

I love Sinek's early work. I love his model, the Golden Circle, and I love how he articulates it. However, there is one fundamental challenge. The notion that great organizations start with why (purpose) rather than what (strategic intent) simply isn't true.

Let's take Apple as the primary example, as it is central to Sinek's TED Talk. He outlines beautifully that Apple was built on a core belief of 'everything we do, we believe in challenging the status quo, we believe in thinking differently'. Sinek then moved on to describe how this translates into action – 'the way we challenge the status quo is by making our products beautifully designed, simple to use and user friendly. We just happen to make great computers'.

It is a compelling case and can be useful from a cultural or brand perspective. Still, it isn't accurate to say that this is the foundation of Apple as an organization.

When Steve Jobs and Steve Wozniak started the business, they produced circuit boards with a computer processing unit and a memory board. These products that would evolve to change the technological landscape did not yet have their own keyboards, but the creators and a multimillionaire investor, Mike Markkula, saw a commercial opportunity and maximized it.

In short, Apple started as a company that made and sold computers to make money.

This is a strategic decision. In Sinek's terms, they started with a what, not a why. The why came much later.

Even in the subsequent phases of Apple's growth and evolution, its success was based on strategic and technological development such as its cell-based colour graphics, open architecture and its selection as the platform for the business application VisiCalc.

Purpose (why) has become a central conversation in the formation of so many organizations, but sadly, I believe, to the detriment of good, solid strategic thinking. Before we get to the 'why' we must give at least some thought to the what. Even my own organization started with a clear decision about what type of organization it would be (a consultancy), what kind of work we would do (leadership development) and what income it must generate to make it viable for my family and me. I also made some clear decisions about the structure of the business. While it was a far cry from a detailed strategy, it created the strategic foundations upon which I am proud to have built a successful business that has partnered with brilliant clients in every continent of the world.

And yes, we have a core belief, but that came later in the development of the business.

Central to the Alignment Advantage is the understanding that we must shape our organization's culture to be a strategic enabler. By nature then, we must be crystal clear on what our strategy is, and, in Sinek's terminology, strategy is our 'what'. While he makes a wonderfully compelling case for the idea that great organizations start with why, unfortunately it is a brilliant business myth.

The lesson from both these myths is that it can be easy to be swept along by a great message, especially when it is delivered well. However, to paraphrase the pioneer of accelerated learning, Dave Meier (Meier, 2000), we must all approach business buzzwords and models like a bird approaches flight, with one wing of healthy scepticism and one of openness. In any new approach, including those in this book, we should be thoughtful about its value and just how we will apply it in our context, but this must be balanced with a strong selection of

possibilities and opportunities. I would urge you to experiment and use the language of alignment in your team and organization, to test it and notice the differences that you will undoubtedly see.

Throughout this book, I will support these insights with case studies comprising interviews with business leaders and experts who have found success through the ALIGNED® model. Their stories will highlight how this model is adaptable and effective for organizations of any size or sector. We start with Dominic Jones, CEO of the Mary Rose Trust.

INTERVIEW The Alignment Advantage in action

Dominic Jones, CEO, Mary Rose Trust

The Mary Rose was a warship in Henry VIII's navy and was launched in 1511. She was the king's favourite warship, forming part of his 'army by sea'. She would go on to fight in wars against France and Scotland in a career spanning 34 years.

The Mary Rose was raised from the bed of the Solent in 1982, and the Mary Rose Trust is a charitable trust that is responsible for conserving and displaying her hull, and her unique collection of artefacts, for this and future generations.

The Trust is also responsible for developing the museum as a world-class visitor experience and as a scientific and educational resource. The President of the Mary Rose Trust is HRH King Charles III, who has been involved with the Mary Rose ever since his first dive on the wreck back in 1974.

Dominic Jones is the CEO of the Mary Rose Trust, and here he outlines how he has gained the Alignment Advantage for his organization.

The ALIGNED® approach has made my job as a new CEO easier, as I am able to deliver strategic and cultural change quickly and collaboratively with all stakeholders, from volunteers to board members. We have been able to drive change through within a six-month period rather than a long, drawn-out three-year process.

So the first advantage is that the ALIGNED® approach has probably saved us about three years of work! It has meant that everyone in the business, from our trustees to our volunteers and everyone in between, is clear on who we are, where we are going and what it will look like when we get there.

In a recent board meeting I took a step back and watched as our trustees and executives both quoted back the strategy and cultural narrative, and were using the ALIGNED® approach in order to make sure we created the right roles and recruited the right people for vacancies in our executive team. In the same week, during a walk of the museum floor, one of our cleaners came up to me and not only proudly showed me the Tripadvisor review about the cleaning, but also enthusiastically expressed how he is integral to delivering our vision and purpose. I hear it when discussing objectives with our duty managers. They are all keen to demonstrate how they help deliver our key strategic objectives.

What is so great about all of this is that we haven't even done an official launch yet. The ALIGNED® approach has ensured we are all working together towards the same goal. In the space of six months we have achieved what would have been a painful, long drawn out, time-consuming process. It literally could have gone on for years and meant the business wasn't actually delivering its strategy nor its purpose, values or vision. As a new CEO this approach has certainly allowed me to do my job well from day one.

The *Mary Rose* is coming up to the fortieth anniversary of the raising, and in that time has gone through a significant change in focus, from the raising to the funding and building of a new museum, and now looking towards becoming a world-class attraction. The Trust had traditionally been run like a project and over the last few years we made the change to a business which has been successful but, understandably, had some siloed thinking and mixed objectives at all levels. When I started it is fair to say that if you asked ten different people they would all say something different about our purpose and our vision and our key objectives.

The process of creating key strategic objectives and an ALIGNED® five-year business plan that delivers the objectives helped us all mutually agree which are the most important for the *Mary Rose*, and help define our strategy. During the process we reviewed our charitable objectives and put them front and centre again, along with four key strategic objectives. We set ourselves some ambitious yet achievable targets for 2025, and our strategy was complete. The next challenge was our culture.

An ALIGNED® cultural narrative was something that we desperately needed. Everyone had a different view of purpose, values and vision. We started with a number of workshops with everyone including volunteers, staff, managers, trustees and stakeholders. This gave us a shortlist of values that were important to everyone. From those, the Trust's values were

created. Having a shared cultural narrative that everyone helped create meant that everyone was talking about it even during the process of creating it. Our purpose was essentially our charitable objectives reimaged and shortened into a clear sentence.

One of our senior staff, who was originally a diver who had helped to raise the *Mary Rose*, drafted this, which instantly got everyone's support and buy-in. The vision was more complicated, as it need to fit with, but be distinct from, the purpose. We needed to work out what the *Mary Rose* of the future would be, and this was agreed in a workshop with a mixture of constituents from all levels and all parts of the Trust. The cultural narrative quickly started to become part of everyday life, featuring in our five-year plan, presentations, awards and general conversations.

In the past I have worked in various businesses that have either been strategically and commercially focused, or primarily culture focused. I believe that giving one dominance over the others is a disadvantage. Having an ALIGNED® approach means that the organization can really deliver and operate at the top of its capability and potential. At the Mary Rose Trust, and thanks to the ALIGNED® approach, both the strategy and culture are of equal priority. They go hand in hand and have that symbiotic relationship that really works and enables us to create outstanding experiences for our visitors. I couldn't be prouder of the team and the organization, and it is worth underlining that, to understand and have the ability to talk about strategy and culture together has helped us come through one of the darkest periods in our history. We have moved quickly from a period where we were not even sure if we would survive the pandemic to a place where we have a five-year strategy, an ambitious future vision for the next ten years, and ongoing conversations about what it's going to feel like to be part of this incredible journey.

Of course, the impact on the visitor experience has been significant, too. The Mary Rose Trust has always prided itself on our visitors' experience. We have amazing Tripadvisor scores and customer service feedback. The ALIGNED® approach has meant we can let our visitors know more clearly what they can expect from the Trust and what the future holds for the *Mary Rose*. We can include loyal and regular visitors in decisions, and we can collate their feedback in an aligned way and continue to make improvements to our offering for future generations.

Thanks to the clarity that our key strategic objectives give us, we are focused on what we need to deliver for the next five years, and this includes

a renewed focus on our visitors and how they experience our amazing collection. This has led to a virtual museum; a new immersive entrance depicting the sinking of the *Mary Rose*. We are now working on delivering a 4D attraction telling the story of the finding, excavating and raising of the *Mary Rose*. We also are now proud to shout about the amazing conservation work the team do. We will bring this into the museum and our marketing more as we drive to achieve both our strategic and cultural goals.

All in all, the ALIGNED® approach has helped me and the team to take some revolutionary steps, not just to secure the future of one of the world's most historical collections and attractions, but to create a compelling and commercially successful future that just a few years ago would not have been dreamed of.

The most powerful line in Dominic's story of grabbing the Alignment Advantage, is 'the ALIGNED® approach has probably saved us about three years of work!' Rarely do we talk about the sheer pace of change that can be achieved by applying the ALIGNED® methodology, but it is one of its great advantages. If you want to drive strategic or cultural change in your organization or you want to do a better job for your customers, then read on and apply the insights.

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