



Internal & External Business Alignment

Your company won't go far without them

Does the intense focus on achieving operational excellence one function at a time hurt business more than it helps? Likewise, does considering a single function's output a discrete unit of work hold us back? And does designing customer interactions from the company's side alone push us away from customers? As we say up here in the Northland, *You betcha, You betcha, You betcha*. But why aren't we doing much about it?

Partitioned thinking

Business sorely lacks big picture thinking – both across functional lines and across company-customer lines. And not just at the executive level, but throughout the ranks, where managers and staff with cross-functional accountabilities *should be* constantly monitoring whether functions are working well together – and customer advocates with one foot inside the company and the other outside *should be* gauging whether company and customers are in sync, But there's *should be...*and how companies really function.

We have to look way up the corporate ladder before identifying titles spanning multiple functions. Way up. Simple reason why there's so little cross-functional monitoring. And finding anyone mutually accountable for the customer experience and the company's work that produces the experience? Good luck. Having such roles would violate something as sacred as profit itself – functional boundaries.

Functional tagging

Business is stuck in functional gear. And reversing the primacy of functions won't be easy.¹ Not only corporate structures and values, but our educational system, even our self-esteem are all entwined with developing a single functional identity. To an unfortunate degree, we are what we do, at least we're viewed that way. And our function has everything to do with our image and standing.

When you're at a party among a roomful of hobnobbing strangers, don't you remember peoples' functions much more readily than their names? That's your initial way to distinguish one from another. So when someone asks what you do, you don't just tell them "Oh, I'm in business." Not unless you want blank stares, or hostile glares – and potentially some stemmed glassware wrapped around your neck.

Likewise, at a business conference you'd never identify yourself as a "generalist." What the hell is that? And trying to dress it up by saying something "cross-functional" wouldn't serve you much better. Makes you a jack of all trades but a master of none – i.e. a business handyman.

Managing cross-functionally

Business (and the broader community) assumes anyone can be a generalist, but specializing in a single function takes focus and smarts. They also assume identifying with a specific function has inherent value. They shouldn't. This unquestioned, conventional wisdom hides a critical misassumption: that the efforts of individual functions and their functional excellence drive business success. They don't. Not by themselves. And they contribute little or nothing when functions work at cross-purposes to each other or just don't try to plus each other, which are the norms.

Business still doesn't get cross-functionality

Why doesn't business get this? One major contributing factor is org charts. No one's in charge of aligning the work of multiple functions. Plus no one's accountable for aligning internal process overall with customer preferences and needs. And to add insult to injury,

¹ For an excellent read on this topic grab a copy of, (Re)(Organize) for Resilience; Ranjay Gulati, Harvard Business Press; 2009.

organizations apply such pejorative labels as “coordinator,” “generalist” and “support” to anyone not focused on a singular business function or role. In addition to “jack of all trades,” business has a deep well of negative descriptors for multi-functionalists – including the familiar “a mile wide and an inch deep.” Our business culture devalues people straddling multiple functions. And companies routinely put them in staff positions to disempower them. That way they can’t “interfere” with the all-important functional fiefdoms.²

CEOs can't implement it

Of course, no one ever accuses CEOs of being generalists or coordinators. Outright insulting. But they are – or should be. No executive role is more important than ensuring that all company functions are working in sync, otherwise known as “alignment.” But aligning functions to complement each other is not a role most CEOs perform well. No surprise here. They’ve received no training or experience on the way up, so why should they suddenly grasp the concept once they reach the top? Most CEOs don’t even take a swag at alignment. It doesn’t appear on their radar screens.

If it miraculously does pop up, they typically delegate this messy, boring stuff to – guess what – another staff function, “organizational development.” Not only is OD not empowered to drive organizational change, but few OD folks possess cross-functional knowledge of process and technology, the two pillars of internal alignment. Of course, CEOs lack these skills, as well; but at least the latter can command the involvement of people who have them.

Aligning business operations takes cross-functional aptitude, which flies in the face of our dedication to functional excellence. That’s regrettable because *inability to align the moving pieces of organizations to make them work synchronously screws up more companies than perhaps any other single shortcoming* – except one.

Crossing company-customer lines

If internal alignment is a “10” on a 1 – 10 scale of importance for business success, customer alignment is an “11.” In the progressively more customer-driven business world, *aligning with customers should be everyone’s job one*. Business can’t stop at individual

² The reason HR has so little power in most organizations.

functional excellence – or even multi-functional excellence. Concern for quality has to carry through to all work affecting the customer experience – and companies have to reach way out and identify with customers perspectives of the customer experience – not what marketing or management dreams it to be.

Customer alignment, which requires incorporating customer wants and preferences into every nook and cranny of business models, squarely contradicts a cornerstone business belief: *sellers are the hunters and buyers are the hunted*. Business has fallen victim to viewing customers as prey – to be influenced and manipulated into doing the seller’s bidding. Despite all the corporate bloviating from companies about adopting customer-centricity, the “we need to keep the upper hand” and “we need to control the action” concepts seem cast in stone – although the stones are finally starting to loosen.

Customers turn the tables

The Internet has made *buyers* the hunters with sellers now looking down buyer gun barrels. “Do business our way or we’ll blow you off.” Customers use the Internet to find only the information they want, screening out efforts to influence and manipulate. Plus social media has dialed way up the volume of customer voices and opinions, which are now drowning out seller communication. My Gen-Y son has a tee shirt that aptly describes today’s buyer view of sellers, especially marketers and advertisers: *I can see your lips moving, but all I hear is blah, blah, blah.*

But the internet is only the secondary driver of customers driving the business equation. Excess supply over demand is permeating markets. Buyers have choice, and choice is power. Buyers now realize they have the superior hand. And they’re playing it, much to the dismay of business. They want business to cater to them, flex for them, put up with them, even bow to them.

Many companies don’t make the turn

Despite increasing customer power, many organizations continue avoiding customer alignment. And that brings us back to where we started. Companies aren’t changing as they should because *individual, internal functions rule companies, not groups of functions and definitely not customers*. If individual functions meet their internal goals, the company will

be successful. Right? That's gospel. Most business people are hard-wired to think this way. That's why most organizations measure business success using functional performance measures, which unfortunately don't correlate with overall outcomes and absolutely don't correlate with customer outcomes.

Companies measure: "Did we source just-in-time and at the lowest cost?" (too bad if customers had to wait for shipments); "Did we lower shipping costs?" (too bad that produced even slower delivery); "Did we reduce customer returns?" (too bad lots of customers won't buy from us again); "How many sales leads did marketing generate?" (too bad if none closed); "How many media mentions did we get?" (too bad customers didn't notice). To an alarming degree, most businesses still operate in their own cocoons, striving for functional excellence while keeping customer influence on core operations and key decisions to a minimum. Just the opposite of internal and customer alignment.

Rise and shine, business

I often recommend people think of their company as a vehicle, with multiple parts and systems designed to work together for maximum performance. Not only must all the operational parts (not the dome light) be working, but they must be tooled to work together as a unit. A Rolls Royce V-12 engine powering a car with wheels badly out of alignment won't go any faster than an old Minnesota "beater." And the ride will be far worse, even if the beater's shocks are gone. Yet so many companies, in effect, keep fine tuning the engine while giving the wheels short shrift. More often than not the "management star" with all the resources and budget gets the engine, and someone at the bottom of the totem pole gets the wheels. And there's no one insisting the wheels get attention so the *entire vehicle* will perform at its best.

Hard to miss the point in analogy form, but companies miss it regularly out on the work floor.

Companies need to start seeing themselves as the sum of their parts, not one part at a time – and they need to start including their customers in the picture. Today that represents a strategic advantage. Tomorrow it will represent survival. Is that urgent enough?