



Tracking strategic alignment with EcQ[®] — The Strategic Alignment Monitor

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Resumo

Este artigo discute e analisa uma nova medida desenvolvida especificamente para mensurar o alinhamento interno das empresas e seus determinantes. Essa medida é denominada “EcQ® - Monitor de Alinhamento Estratégico”. Como identificar se os empregados estão alinhados às questões estratégicas da empresa? O EcQ permite mensurar esse alinhamento e revela os pontos fracos e fortes de seus determinantes.

PALAVRAS-CHAVE: ALINHAMENTO ESTRATÉGICO • COMUNICAÇÃO INTERNA

Abstract

This article discusses and analyzes a new measure designed specifically to track employee alignment and its drivers, named “EcQ® - The Strategic Alignment Monitor”. How can managers identify whether employees support the company’s strategic issues? The EcQ provides companies with a tool capable of measuring this alignment and reveals weaknesses and strengths in its drivers.

KEYWORDS: STRATEGIC ALIGNMENT • EMPLOYEE COMMUNICATION

Resumen

Tiene por objetivo discutir y analizar una nueva medida desarrollada específicamente para mensurar el nivel de alineación interna de las organizaciones y sus determinantes. Dicha medida se denomina “EcQ® - Monitor de Alineación Estratégica”. ¿Cómo se puede identificar si el comportamiento de los empleados está alineado con los objetivos estratégicos de la empresa? El EcQ permite mensurar esa alineación y revela los puntos fuertes y débiles de sus determinantes.

PALABRAS CLAVE: ALINEACIÓN ESTRATÉGICA • COMUNICACIÓN INTERNA

Companies seem to be in a permanent restructuring mode aiming to shift from mediocre to good or – even better – from good to great. Managers at the top of the organization’s pyramid mostly acknowledge the patience that is required to implement a strategy step by step in order to get all relevant employees involved in the actions that are needed to make it tick. However, employees do not automatically understand, neither appreciate the steps that have to be taken to create competitive advantage. This will especially be true if they perceive the new strategic initiatives as not logical because they are not consistent with corporate messaging they have received in previous periods. For a strategic change to succeed, it is vital that the actions and decisions of all employees happen in accordance with the desired change. This requires compliance, but also cooperation by all employees.

How can managers *know* whether or not their employees show aligned behavior regarding the core strategic issues? Organizations worldwide adapted different tracking tools to assess the degree of employee satisfaction, commitment, identification, and organizational citizenship behavior. Examples of such tools are Gallup’s “Q12” questionnaire, Meyer’s Engagement Monitor, and Mercer’s Employee Commitment Survey. These are all relevant tools, but they serve different purposes. These measurement tools deal with employee support in general for the organization as a whole, while tracking alignment demands for a tool that specifically assesses employee support for the company’s strategic objectives. Employees can be highly satisfied with, committed to, and identified with the organization as such, but still oppose to the strategic direction of the company or fail to implement the company’s strategy. Real alignment is reflected in employees’ day-to-day activities. What companies ultimately want to know is whether individual employees really act in accordance with the company’s strategy. For this reason, we developed a new measure designed specifically to measure alignment and its determinants. We termed this “EcQ® – The Strategic Alignment Monitor”. Besides tracking the level of alignment within an organization, this instrument also provides insight into which managerial communication behaviors are most instrumental for creating this level of alignment. In other words, the EcQ method delivers key performance indicators (KPIs) regarding both employee communication and alignment. The instrument has been used in various globally operating companies, including the leading companies in Brazil like Vale and Petrobras. It enables a company to measure the degree of strategic employee alignment and it reveals the weak and strong spots in the drivers of alignment. It provides a hard number to the soft issue of employee support for corporate strategy. In this article we will explain the tracking tool and illustrate its usefulness with examples drawn from various firms.

Getting them aligned

Managers have to be clear about the nature of the vision they like to get acceptance for, in combination with creating clarity at overall and at division level about what employees are supposed to do. If this has been done adequately, several conditions have to be taken into account if managers want to align their workforce regarding the strategic issues they consider to be core. Their employees have to:

- be familiar with and supportive about the strategy, enabling them to create an accurate line of sight and see the big picture;
- feel included, including being able and willing to express voice in their organization;
- feel that their contribution to the implementation of the strategy is valued by management;
- perceive top management to act consistently in line with the nature and intentions of the strategy.

A recent Conference Board study showed that more than 75% of the top US firms consider aligned employees to be of vital importance to make employees do the right things, at a higher degree of motivation, resulting in a higher performance of the organization. Companies appear to apply hard-wired and soft-wired initiatives.

“Hard-wired” initiatives are actions that focus on the short-term perspective and on management control, while “soft-wired” initiatives focus on the long term and on employee participation. For example, construction company Centex strives to create alignment through clear business strategies and objectives, monitoring their achievement through performance metrics, and linking them to the employee incentive system. In contrast, agricultural products manufacturer Monsanto emphasizes coaching, employee communication (e.g. through “town hall” meetings), and skill training. Hard wired initiatives work great during the first phase of a change process in an organization. In the follow-up phases, that can take years and years, soft wired initiatives appear to have more impact on creating and maintaining alignment. The EcQ monitor helps organizations to track the degree of alignment among employees that is driven by soft wired initiatives. It provides a hard number about the degree of alignment and about the impact of soft tools like leadership style and employee communication on that alignment, jointly focusing on stimulating four preconditions for alignment: awareness, understanding and a positive attitude about the core strategic issues, plus providing employees with relevant capabilities to implement the intended strategy in a correct way.

Measuring alignment with EcQ – The Strategic Alignment Monitor

Measuring alignment works like an Early Warning System for lack of internal support



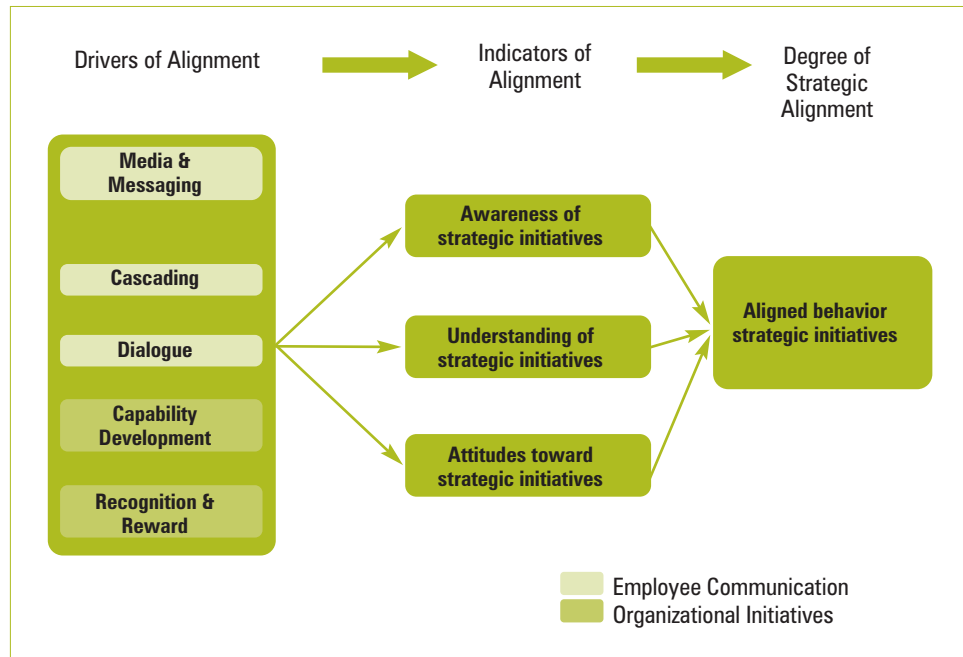
regarding the intended strategic goals. It prevents organizations from investing in inefficient management tools and it provides the right input to press the correct buttons at the most appropriate moment. For example, a large multinational relied largely on the cascade model to create alignment organization-wide and was investing millions in cascading tools. Measurement with the EcQ Monitor, however, revealed that a part of top management and middle-management had a large resistance towards one of the key corporate objectives. The millions were wasted as management was not disseminating the right information, was not talking about the strategic objectives or gave their own colorful interpretation. The organization decided to shift the budget to tools directed at top and middle management to forge their alignment with the corporate strategy before continuing cascading. Hence, monitoring alignment is not only necessary to see the degree of alignment at different levels in the organization; it also may prevent organizations from putting their money in the wrong tools.

Real alignment is reflected in employees' day-to-day activities. What companies ultimately want to know is whether individual employees really act in accordance with the company's strategy. One of the most crucial drivers of alignment appears to be employee communication. As a consequence it is a vital part of the EcQ Monitor too.

How does the EcQ Monitor work?

The EcQ Monitor is based on an internal survey, using a questionnaire that is mailed (if possible) through Internet, to a stratified sample of the organization. This implies that samples are drawn from each unit top management likes to see results reported about. This might be divisions, business units, regions or a combination. The theoretical model of the EcQ Monitor is displayed in Figure 1.

Figure 1 EcQ model
EcQ® Methodology – Strategic Alignment Monitor



The general assumptions behind the model are as follows:

- *Supportive behavior for strategic issues* is the core measure in the model, focusing on the degree employees show supportive behavior regarding the strategy;
- Buying into core strategic issues will only happen if individual employees are *aware* (are they familiar with the strategy?), express positive feelings (do they have a *positive attitude* towards the strategy?) and *understand* [are they provided with the right “interpretation” of the strategy (open question?)];
- There are five key drivers of employee support. *Employees have to be informed adequately* both by managers and by communication professionals. Secondly, they have to be motivated, e.g. by cascading and dialogue session. Finally, employees have to be provided with the right *capabilities* [do they have the relevant type of capabilities to implement the strategy (if not, what do they lack?)].

Each dimension of the model is measured with multiple items, which are partly adapted to the specific organization. Most questions are closed, using Likert scales by asking respondents to indicate whether an item is perceived by them as totally not applicable or highly applicable to their organization. Some questions stimulate respondents to write down verbatims, adding qualitative data to the EcQ Monitor too.

Figure 2
Benchmarking alignment within the company

	Total	Div. 1	Div. 2	Div. 3	Div. 4
Awareness of Strategic Initiatives	65.6	61.1	68.0	62.8	65.3
Understanding of Strategic Initiatives	71.2	64.9	63.9	60.6	57.3
Attitude regarding Strategic Initiatives	59.2	63.7	68.3	54.3	49.5
Aligned Behavior	63.6	65.0	69.3	67.3	58.6

Figure 3

Benchmarking alignment between companies	Firm X 100 countries 175000 employees	Chemical 80 countries 64.000 employees	Financial 24 countries 45.000 Div. 2	Agri Business 30 countries 800 employees	Building constructor 10.000 employees	Pharmaceutical 68 countries 18.000 employees
Awareness of SI's	73.1	70	74	74	70	79
Understanding of SI's	51.6	64	70	70	60	78
Attitude SI's	67.5	72	80	76	76	76
Aligned Behavior SI's	68.6	73	68	75	70	71

The gathered data are reported in two ways. Firstly, an overview is given of the results of the individual company, comparing all relevant units, regions and demographic characteristics (job level, tenure, age, sex etc.) between the relevant divisions in the company. Secondly, a comparison is made between the specific company and benchmark figures, based on the results of previous studies among thousands of respondents in nearly all continents of the world, as indicated by figure 4.

The EcQ data enable the organization to identify strengths and weaknesses in the drivers of strategic employee alignment, including the quality of the contribution of initiatives taken by individual managers (leadership qualities) and organizational efforts driven by employee communication specialists. Data are reported using the traffic light system reporting style: red boxes imply the necessity to act immediately, green boxes implies maintain level of satisfaction and yellow boxes implies gradually implementing improvements. Typifying one box as red, yellow or green can be based on the bandwidth provided by the benchmark or the criteria used by the firm themselves regarding what is the desired situation from a company specific point of view.

Figure 4

	<i>Indicators of employee support</i>			
	Awareness	Understanding	Attitude	Behavior
Media & messaging	40%	15%	10%	5%
Cascading	35%	25%	25%	10%
Dialogue	15%	45%	40%	25%
Capabilities	5%	10%	10%	30%
Recognition & Reward	5%	5%	15%	30%
	100%	100%	100%	100%

High influence (≥ 20%)
 Moderate influence (10-20%)
 Minimum/inexistent influence (<10%)

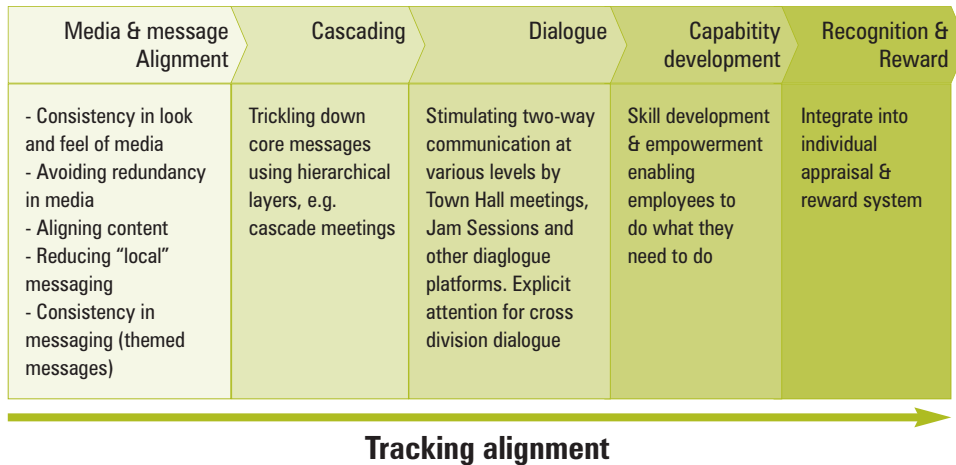
Figure 5 shows which drivers impact alignment most. The results are based on a study in a large multinational. As can be seen, the different dimensions of employee communication differ in the extent that they can enhance a specific step in the alignment process. For this company, management communication is crucial. It has a large influence on all steps of the alignment process. If management communication would be rated as insufficient, the company should use all efforts to improve management communication. Next to management communication, corporate and personal messaging and communication climate also have a strong, but especially *indirect* influence on alignment.

What to do if alignment is lacking?

Depending on the degree to which a higher alignment is a necessity for a company, firms apply a wide range of instruments. Most companies start (or should start) with *internal media alignment*: creating a more consistent look and feel in their communication platforms, combined with a consistent and regular repetition of corporate



Figure 5
Roadmap to alignment



messages with so-called themed messaging techniques. Simply said, this implies that firms repeat over and over again the same themes that summarize the essence of their corporate strategy. If the house is at order the next step is to organize sessions where top management personally presents the core elements of the strategy, embedding their presentations in an understandable and appealing *corporate story* that summarizes the key ideas in a memorable way for lower ranks in the organization. This is often done with so-called *Town Hall Meetings*. The same can be reached with breakfast meetings or whatever other format, as long as two basic rules are applied. It has to be done by top management themselves and it has to be framed in the context of a corporate story. The story has to be repeated over and over again in corporate messaging, preferably supported by an *external campaign* that stresses the same message, like for example the Sense and Simplicity campaign of Philips, showing the drive of the company to produce products that make sense for human beings and are simple in use.

The key factor in motivating employees to do the right things is involvement of top management. A striking example of *management communication* is applied at TNT. Peter Bakker, the CEO of this logistics company, has stated the following about his role in motivating people in the organization (interview with CNN on November 14, 2005):

"...personally, I spend an enormous amount of time communicating, through a sort of cascaded system. We have an annual meeting, a physical meeting, where 250 people gather. Then I tour the world personally, to 15 or 16 locations. In each of those locations I will meet two hundred, three hundred people again. And then next to that we have, every month, chat sessions on the Internet, where five hundred people from all ranks, all countries can join in and talk to me. Through keyboards, not by physically meeting.

But, and of course there's all kinds of paper publications, so there's a whole raft of communication and getting out there and listening. We have actually done something, which some people occasionally think I'm a kamikaze pilot. But, on those cascade tours, we go out there and we have a session which is called 'shoot to kill', and that's only in the countries who can handle a bit of direct language, otherwise it is 'burning questions, straight answers', but the 'shoot to kill' questions are, I'm actually standing on a stage. There are 250 people in the room and I spend one and a half hour, two and a half hours, as much time as they like, and they can ask anything from personal questions to business questions – whatever they like”.

A common characteristic of many strategies in the 21st century is to increase synergy between the various constituent parts of the organization. The key problem in many organizations is the limited capabilities of the *ICT systems* to exchange information from one business unit to the other. More aligned companies appear to have IT systems that allow for a corporate dialogue between layers in all parts of the organization to happen. For example because they want to apply a kind of *JAM session* technique that has been invented by IBM. Sam Palmisano, CEO of IBM, has said the following about this intranet based method that stimulates large audiences in an organization to express their point of view regarding the way they want to contribute to a successful implementation of the new strategy: “I am a big believer in our jams, they allow IBM-ers at every level to share their ideas and suggestions... to make a real difference”. What did it bring for IBM?

“It enabled the company to find important patterns, themes, learning across the enterprise on specific business issues and simplified the transformation of IBM into a values-based management system company, and leverage employees who are the closest to the action”.

Many companies in the world have followed in the footsteps of Big Blue, stimulating a dialogue with smaller or larger groups of organizational members aimed at informing them about the strategy, motivating them to explain the conditions they see as crucial to make the strategy work and activating them to show supportive behavior that guarantees a role out of the actions required to make it work. In the most ideal situation they complement to these change methods two crucial *monitoring tools*. They track and trace individual performance by *appraisal systems*, and at overall level they measure supportive behavior of subgroups (business units, divisions, regions, job categories etc.) through *strategic alignment tracking tools* like EcQ – The Strategic Alignment Monitor or comparable instruments.

Lessons learned

- a. Strongly aligned companies provide clarity about the behavior they expect their employees to demonstrate related to the employee alignment goals;
- b. Strongly aligned companies apply an integrated – long term focused –

approach in stimulating employee alignment, combining human resources, employee communication, and information technology in an orchestrated way;

- c. Strongly aligned companies understand that consistency is a key word in stimulating employee alignment, both at the level of role model behavior of top management as in corporate messaging;
- d. Strongly aligned companies combine external claims with internal motivation programs;
- e. Strongly aligned companies provide adequate facilities enabling their employees to use their capabilities to implement the employee alignment initiatives;
- f. Strongly aligned companies include appraisal systems at *individual* level in programs that aim to increase strategic alignment;
- g. Strongly aligned companies track the degrees of employee alignment at *overall* level systematically, allowing them to press the right buttons at the right time.

