

Pro Melior
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STRATEGIC ALIGNMENT OF LEADERSHIP TEAMS

CASE STUDY



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SITUATION

In the course of driving a growth program for a family-owned European industrial manufacturer, it quickly became clear that the dysfunctional leadership team was a bottleneck to progress. Although the team was composed of capable individuals with impressive track records, the ten team members were unable to agree on a coherent strategy and continued to revisit the same issues. The various departments seemed poorly informed about business activities outside their siloes and they were particularly confused about how cross-functional decisions should be made. Gonzalo, the CEO, found himself in constantly firefighting to solve operational issues and placate disgruntled workers. Gonzalo approached ProMelior to bring order and efficiency to the leadership team before the growth program could go ahead.

DIAGNOSTIC

ProMelior began by building a fact-base on how the leadership team was interacting. We explored three key questions:

1. How often did the team meet and what was the nature of the interaction?

The team was spread across several geographies and rarely met in person as a full group. In the scheduled twice-monthly meetings, there was frequently more than 30% absenteeism, even among phone participants. When the meetings did occur, they were mostly used to resolve operational issues that involved 2-3 groups but which were irrelevant to the majority of participants.

2. How were key decisions being made?

Important commercial decisions were usually made by Gonzalo, the CFO, and the Head of the largest Business Unit in ad hoc meetings that Gonzalo would typically convene. Decisions regarding operations, HR policies and other functional matters were usually made by the CEO and the relevant functional leader. Once decisions were made, they were rarely communicated in a structured manner across the leadership team, let alone across the organization.

3. How was strategy developed?

Most of the leadership team believed the company had no strategy. They understood a clear imperative from the top to growing existing revenues streams to achieve aggressive annual targets. However, there was no common understanding about how the organization was going to achieve these targets.

SOLUTION

Based on the facts, ProMelior focused on organizing the leadership interactions into a series of forums with clear charters.

1. Executive Committee

An Executive Committee was chartered to convene monthly and make decisions on all key commercial and investment issues. This was a streamline group that was

restricted to the CEO, CFO, Head of the largest Business Unit, and the Head of Operations. Occasionally, additional members were invited if subject-matter expertise was required for a particular topic under discussion. The CFO acted as the facilitator of the forum. His responsibilities included creating a corporate calendar and creating visibility into the key processes and decisions that needed to be made throughout the year. He was also responsible for maintaining the agenda and facilitating the discussion at each meeting. The inclusion of the Head of Operations to this forum was an important change designed to ensure that commercial and investment decisions were made with direct input on the feasibility of execution.

Gonzalo had the difficult task of communicating that the other members of the 'leadership team' were important stakeholders in the business but would not be decision-makers in the commercial and investment aspects of the business. While some feathers were ruffled, Gonzalo was surprised to find that most leadership team members appreciated the clarity since they could focus on their areas of responsibility without be distracted by the broader running of the business.

2. Leadership Team Meeting

The leadership team consisted of Gonzalo and his 9 direct reports. While this team included all the executive committee members, it also included the key functions such as HR, Quality & Compliance, and several smaller business unit heads. ProMelior created a charter for the bi-weekly Leadership team meeting to be a forum for exchanging information and driving cross-functional initiatives that required the input of all the business and functional areas. In addition, proposals for company policies and processes (e.g. HR) were to be 'tested' in this forum to ensure that they truly added business value vs. adding bureaucracy. The leadership team needed a strong moderator to add structure and continuity to the meetings. ProMelior trained the Head of Quality to take on the moderator role and supported him to drive the first few sessions.

3. Strategy Council

After 3-4 months, Gonzalo had been able to leverage the Executive Committee and Leadership Team forums to manage the business in a more orderly fashion. He was ready to turn his back to the growth agenda. However, given the feedback from the organization, he now recognized that any growth program needed to be anchored in a robust strategy. Gonzalo turned to ProMelior to organize a strategic planning program that would deliver a strategic growth roadmap in short order.

ProMelior began by forming a Strategy Council consisting of the CEO, CFO, Business Unit Heads, Head of Operations and Head of HR. Over the course of the next six weeks, ProMelior ran three workshops in which the Strategy Council worked through a structured set of strategic questions. In the first session, the Council took a market perspective. The Council members discussed trends in the market, brainstormed a long list of business opportunities and prioritized the biggest opportunities where the company could play. In the second workshop, the Council mapped the company's products and operational capabilities to the business opportunities and the needs of different customer segments. The ensuing gap analysis revealed which opportunities could be addressed in the short-term and which opportunities required the development of additional capabilities. In the final workshop, the Council members designed concrete initiatives to capture the priority opportunities. Initiative leaders were assigned and high-level allocations of human

and financial resources were made. Gonzalo was impressed that the process had avoided 'analysis-paralysis' but had resulted in a very pragmatic set of initiatives to boost growth. As a result, this streamlined strategic planning model was instituted as an annual process.