

PIP Speak

Our team helps your team deliver big, rapid, sustainable results

Why Alignment and Ownership matter

EXECUTIVE SUMMARY

This article discusses **alignment and ownership** within an organisation:

- Why it is important
- How to achieve and sustain it
- Common pitfalls to avoid

Driving results in any organisation is challenging and often frustrating. Results can be slow, there may be tensions between teams, and significant energy and resources can be wasted trying to overcome friction within the organisation.

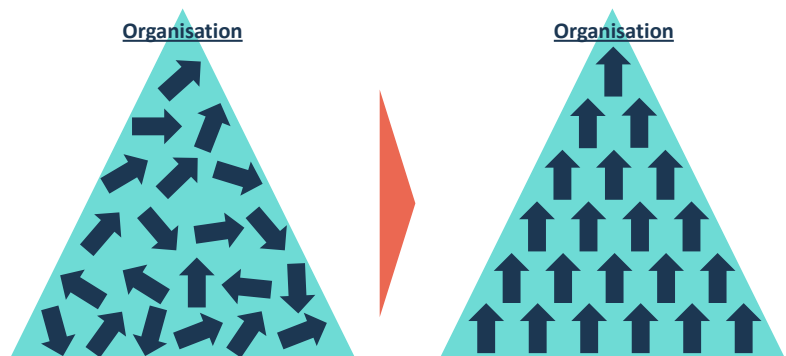
Often these frustrations and delays arise from a felt lack of alignment and ownership within the organisation. In this article, we discuss alignment and ownership: what it is, why it is important and how it can be created.

What is Alignment and Ownership? Why it is important?

'Alignment and ownership' occurs when people in an organisation agree on what they are going to achieve, own this goal and their actions to contribute to delivering it.

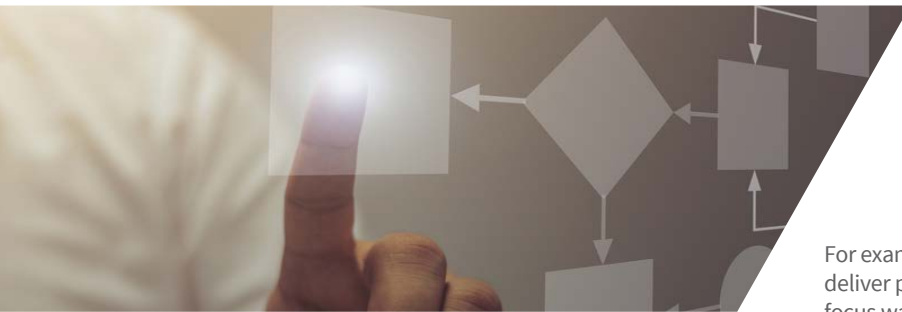
FIGURE 1: ALIGNMENT AND OWNERSHIP

The objective is to create and then sustain alignment, as it underpins many characteristics of a successful organisation



- Confused objectives
- Problems solved at the top
- Solutions pushed onto workforce
- Disengaged workforce
- Siloed departments

- Clear objectives
- Collective problem solving
- Solutions owned by workforce
- Highly engaged workforce
- Cross department cooperation



The benefits of achieving alignment and ownership are significant:

- **Better solutions:** More robust solutions are developed because varying perspectives are incorporated in developing them
- **Benefits realised faster:** Implementation is faster and achieved with less friction, as people own the solution, are committed to delivering it and are all pulling in the same direction
- **Greater sustainability of results:** The solution is owned by those who must deliver and sustain it, so they have an interest in making the solution work

What is needed to achieve Alignment and Ownership?

Our clients regularly face two main challenges:

1. Creating upfront alignment and ownership
2. Maintaining alignment and ownership during business as usual

1. Creating upfront alignment and ownership

Build consensus and agree objectives

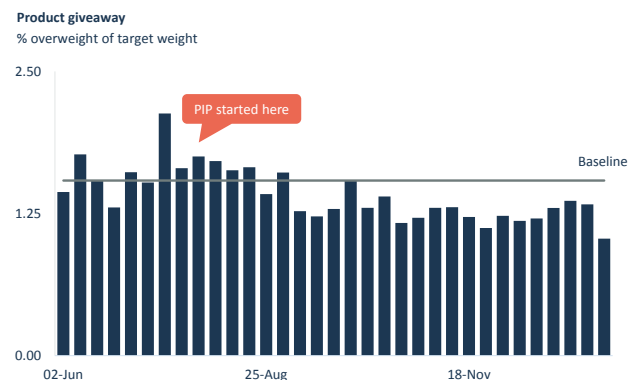
It is important to involve stakeholders in defining and refining the objective and the approach, as they are often ultimately responsible for delivering and sustaining part of the implementation.

When engaging with clients, we work closely with management and key stakeholders from the outset to agree objectives, then explicitly track progress against these objectives throughout the engagement.

If likely 'owners' are involved, their ideas acknowledged, and elements of the ideas are woven into the solution, they will:

- Understand the solution and plan, which helps accelerate delivery and increase the likelihood it is delivered correctly
- Feel more engaged and committed to the outcome, making them more likely to assume accountability for deliverables

For example, we recently supported a major food manufacturer to deliver profitability improvement. On our arrival, management's focus was on labour headcount and line efficiency, as the current staffing levels were above the target. Probing discussions and analysis with their teams highlighted that yield was a greater contributor to profitability, as significant quantities of product were being 'given away' in over-filled containers or downgraded due to insufficient controls. Our team supported the organisation to define the appropriate targets, introduce regular KPIs, and establish daily review meetings on yield performance. Incorporating workforce suggestions and a willingness to adjust the objectives was fundamental in building alignment throughout the organisation, enabling rapid execution reduced product giveaway of 0.5% over 6 months increasing profits by over 10%.





Case study: Creating alignment on the objective

During an initial diagnostic with a refrigerated logistics business, there were multiple opinions within the organisation on how to improve profits. The business had recently acquired several smaller entities, but had not integrated them into a single operation, so each management team had differing priorities - a number of which were at odds with corporate objectives. Head office believed improvement was critical, and engaged PIP to support the broader business in delivering a rapid increase in profitability.

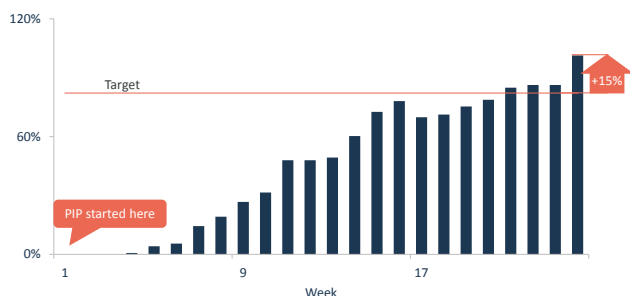
Working with people from all parts of the business, four high-priority improvement areas were identified:

- Improve customer profitability
- Reduce local pick-up and delivery costs
- Reduce direct labour
- Automate order entry

Detailed workplans, benefits, targets and accountabilities were then established by area and implementation got underway. Because the targets and approach to achieving them were owned by the teams who were needed to both implement and sustain the idea, implementation was rapid - with benefits starting to materialise within five weeks, and the target exceeded within five months.

Establishing alignment on specific profit improvements allowed the client to rapidly realise benefits, and ultimately exceed their improvement targets by more than 15%.

Total cash-flowing benefits (benefit as % of budget EBIT, annualised)



Note: An idea is defined as cash flowing when the benefits have exceeded 50% of the target benefits for four consecutive weeks

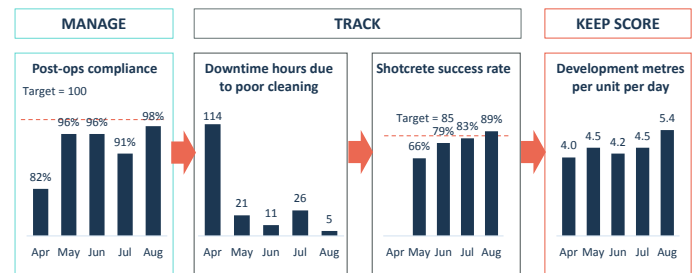
Case study: Fostering collaboration between shifts

One of our underground mining clients wanted to increase the daily number of metres cut underground, but was struggling with significant unplanned downtime. We worked with the crews and observed their operating practices. Together, we identified poor cleaning of the shotcreter (or concrete sprayer) as being the hidden root cause behind much of this downtime. The shotcreter doesn't actually cut rock or ore. It follows behind the cutting equipment and sprays the newly cut tunnel with concrete to keep the walls stable as the development tunnel continues to move forwards.

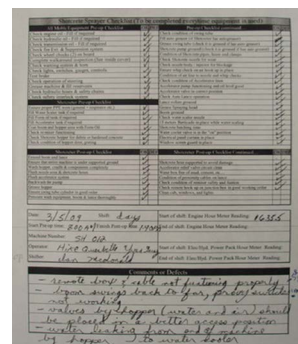
Earlier shifts focused on hitting their own production targets, rather than cleaning the shotcreter properly at the end of their shift. This left poorly cleaned equipment (potentially with concrete drying inside) for later shifts, resulting in significant unplanned downtime for subsequent crews to clean - a vicious cycle.

We worked with the crews to develop a value driver tree to understand the drivers, right down to the level of 'what do we want people to do', then worked closely with the operators to develop a clear set of specific actions to improve equipment cleaning within each shift. This allowed the crews to understand how their shift's operations affected the next shift and what they needed to do to set the broader operation up for success. Active management of shotcreter cleaning compliance reduced downtime, increasing development metres by 35% within four months.

Daily development metres increased by 35%



Checklist for operators for end of shift cleaning



Supervisors can track compliance on each checklist





2. Maintaining alignment and ownership

Review results and identify actions to address gaps ('close the loop')

Clarifying the objectives and plan, and allocating responsibilities is a great start, but it is also necessary to regularly report and review inputs and outputs to ensure focus is maintained on agreed priorities.

Establishing regular forums to review results ensures focus is maintained on the top priorities, allows rapid identification of arising issues, and enables allocation of resources and/or coaching to areas requiring assistance.

Lead by example

The ongoing and visible involvement of leaders is essential in maintaining alignment and ownership throughout an organisation. This commitment continues beyond implementation and remains as part of the business as usual routines. It should be done by all leaders, both formal and informal, not just the senior management team.

To sustain alignment and ownership, leaders should regularly close the loop to reinforce agreed priorities and help teams to prioritise, as well as test delivery plans and openly discuss the objectives and progress to achieve them. These regular reviews not only provide coaching and support to the organisation, they also reinforce that delivering against the objectives is important to and supported by leadership.

Regular communication is vital to maintain visibility. There are many techniques available, ranging from management by walking around (get out on the floor and talk to staff) to regular blog posts giving progress updates and Instagram photos from teams delivering their results). The key is to choose the approaches which resonate most effectively with the organisation and then resource and contribute to them.

Recognise contributions and celebrate wins

It is human nature to focus on how things could have been done better. This is important but celebrating success is also important. When people have achieved objectives and taken ownership, this should be recognised and rewarded. In many cases, simple verbal recognition in front of people's peers can go a long way.

Alignment and Ownership killers

- **Failure to gain input and actively listen to affected stakeholders (not just the leadership team):** Too often, the focus is on gaining approval from only the CEO, Division head or GM. Without gathering information and opinions from both the management team and those affected by changes (who are also likely to be tasked with implementation), the developed solution risks failing to address some issues and can limit individuals' willingness to agree to targets, tasks and deliverables
- **Failure to adapt initiatives to incorporate and address feedback:** If input gathered from stakeholders is not used to tailor the objectives, approach and deliverables, key individuals may simply 'check out' because they don't feel their input is valued or utilised, making it difficult to implement and sustain changes
- **Driving change through a project setting, rather than through the existing chain of command:** A project setting weakens accountabilities in the business, confuses reporting lines and creates tension over use of scarce resources, slowing implementation and making it less likely for changes to be sustained

Conclusion

Achieving alignment and ownership leads to better solutions, which are delivered faster and are more enduring. Done poorly, progress is slow and an apparently change resistant workforce has to be pushed and cajoled. 'Change management' then becomes a role or department to change the workforce's mind and get them to 'buy in' to management's (or worse the consultants') ideas. Done well, transformation and ongoing continuous improvement moves at pace and is sustained.

Case study: Building commitment of the local workforce in remote South-East Asia

Our client operated a gold mine at the top end of the cost curve in a remote part of South-East Asia. The gold price had dropped dramatically, and they needed to significantly reduce their operating cash costs to remain open.

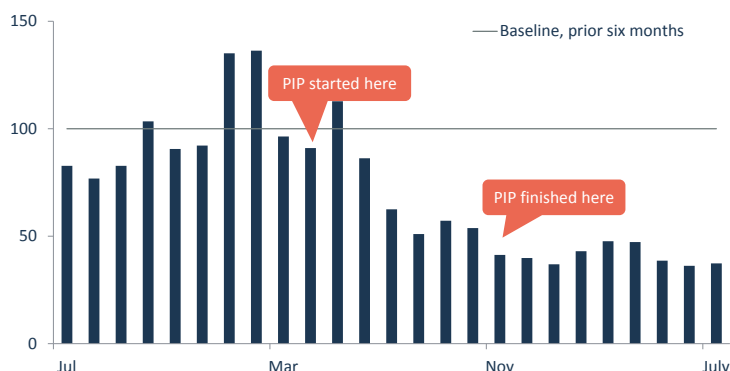
The workforce had low levels of literacy and numeracy, so it was particularly important to make the objective meaningful and worthwhile to the entire workforce to build understanding and commitment.

We worked closely with the client to align the whole site around a simple and specific objective of “Our site goal: Get Production Cash Cost to \$1,200/oz by 31st December”. We achieved this by:

- Gathering feedback from affected parties and incorporating this into objectives and plans
- Establishing the objective as ‘the way we do business’, not a one-off project, as it was critical to the ongoing survival of the mine and the local community
- Regularly communicating with all staff through townhall meetings, posters and toolbox meetings – this included using a well-known and liked local, international football star in videos and posters to reinforce the objectives
- Defining what was required at shift level to achieve the objective, including establishing a set of ideal behaviours for each crew
- Tracking input KPIs and coaching the crews on how to address gaps to targets
- Establishing regular forums where front-line staff presented to the General Manager on what the objective meant to them and what they had done recently to achieve it
- Coaching the team on how to turn things around, and then supporting them to implement the change, which provided additional motivation and delivered further improvements
- Publicly recognising and rewarding individuals and crews for outstanding work during team meetings, distributing promotional materials (e.g. t-shirts, baseball caps) signed by the international football star

This allowed the client to mobilise almost everyone on site and together they reduced their all-in sustaining costs by 55% in eight months. This performance was then maintained after PIP left site.

Normalised all-in sustaining costs
(% of baseline)



Partners in Performance®

Partners in Performance is a firm that builds better businesses. We help our clients deliver rapid, sustainable performance improvement using specialist teams and a hands-on approach to lower costs and capital and increase revenues.

Contact us to find out more www.pipint.com/contact

WWW.PIPINT.COM