Research basis for Align+® Diagnostic Suite

Anish Gupta – Director of Strategy and IP, The Leadership Gallery Ltd

May 2020

This document is intended to provide an understanding of the following:

- *Origins and inspiration for creation of the Align+® diagnostic suite*
- *An understanding of its intellectual foundations, the approach to its design, and the basis for its content, including research references*
- *The direction of future development*

Origins

The founders of The Leadership Gallery (TLG) have rich experience in both business and consulting roles, across a number of sectors. It was recognised very quickly that a critical gap in a majority of businesses that were struggling, was not the strategy itself, but the inability to execute strategy effectively. Research from multiple sources (for example : Marakon Associates, 2005; HBR, November 2017; Economist Intelligence Unit, October 2017) reported that between 67%-90% of organisations that claimed to have 'good' strategies, failed because of poor execution. This fundamental insight helped TLG to sharply define its purpose as *"taking the risk out of strategy execution".*

Intellectual Foundation

The basic framework for approaching strategy execution was defined in TLG's proprietary 'Strategy Execution Model' – the 'SEM'©. The model captured the influences that shape strategy, and the internal elements that need to work together for strategy execution to be successful. (*See Figure 1 below):*

The basic proposition:

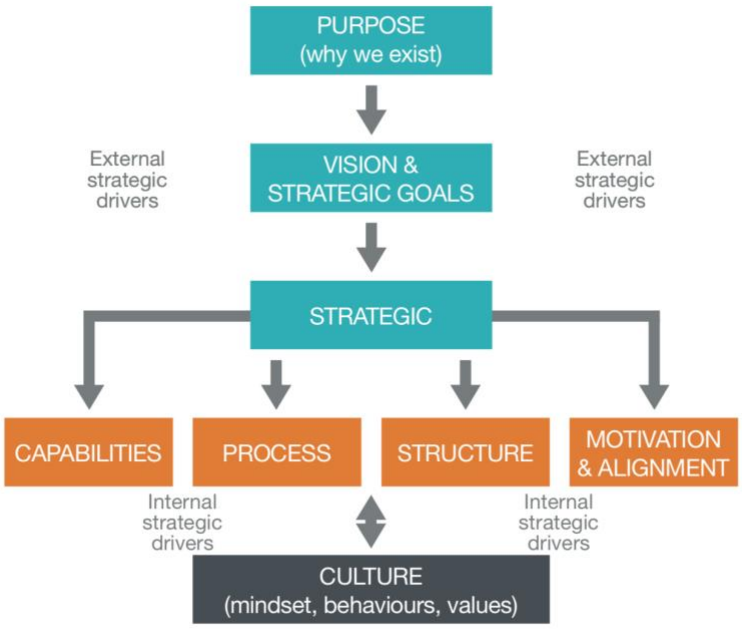

Figure 1

The model outlines the complex dynamics that contribute to the creation of a strategy and the processes and elements within organisations that must all work together for strategy execution to succeed.

A more detailed look at this model, *(see Figures 2 & 3)* below, highlights not only how many different elements need to work together, but also explains why failure in execution is so common.

Figure 2

Figure 3

To help organisations identify, with a degree of precision, the misalignments or faultlines within it, that could get in the way of successfully executing strategy, TLG created the **Align+®** Suite of Diagnostics. The gateway diagnostic is **Align+®** Strategy which looks at all the different elements that could derail successful strategy execution. Depending on the critical areas identified, other diagnostics within the suite will allow deeper dives into specific areas of concern. These include **Align+®** diagnostics for Leadership, Engagement, Structure, Process, Risk and Culture. We added to the suite two standalone diagnostics which address Board Effectiveness and the strategic implications of Brexit to businesses.

Design Approach

While the founders of TLG had been using the principles behind these diagnostics for years (in their individual capacities, as well as when engaged in TLG consulting assignments), a decision was taken to turn these into a digitally-enabled suite of diagnostics, which have a user friendly interface and the ability to instantly aggregate and analyse inputs and convert them to insights and other graphical outputs, using proprietary algorithms. It is anticipated that over time, the database will generate benchmarks, for sectors, industries, geographies, hierarchical levels, etc.

The following paragraphs briefly describe the content and rationale of these design principles.

1. Our experience (from both the client and consultant perspectives) indicated that far too many consultancies, large and small often indulged in large scale data-dumps, that disrupt businesses, and frequently imposed pre-packaged analysis templates, followed-up with pre-packaged solutions. TLG consciously decided that its diagnostics would not be invasive, and that they would swiftly help client organisations to ‘zero-in’ on the one or two critical issues that required urgent attention.

2. A conscious choice was made to construct the diagnostics in a way that was easy to comprehend and relatively quick to administer. This was based on a detailed review of other diagnostics that were available.
    a. The majority of diagnostics claiming to be strategy (or culture, leadership, engagement etc.) solutions, were comprised of lengthy lists of questions, often requiring participants to think of 80–100 and sometimes even 400 answers! In our experience and also based on our own research, this type of ‘survey’ causes user fatigue rapidly, and the quality of responses becomes questionable. New examples of these being developed and promoted keep emerging continually.
    b. The few that were brief and pointed were primarily from academic sources, where the language used in the diagnostic was often accessible only to other academics.

3. In our design of **Align+®**, another cardinal principle (that we have always followed in our work), is to to acknowledge that in most organisations the

knowledge (and therefore potential solution/s) already reside within the organisation. There are exceptional situations where an external expert is essential to provide the content of a new strategy. For the most part, though, there is enough knowledge, experience and expertise within the business. Our experience has also found that often, the voices heard within are frequently just those of the CEO/CFO and/or the most vocal members of the top team. We concluded that what was needed was a mechanism that allowed all leadership voices to be heard and for difficult questions to be asked and addressed well in time.

a. Therefore, the **Align+®** suite of diagnostics focuses not only on confidence levels, but also on the degree of variance within teams. This is the equivalent of providing those 'unheard' voices with a platform where issues can be discussed and resolved, before they become the source of misalignments.

These design principles have made the **Align+®** Suite of Diagnostics unusual and relevant : rather than disrupt organisations, it provides them with the swiftest route to isolating the critical issues on which to focus and prioritise action

Basis for content of diagnostics

The content of what each diagnostic seeks to probe, is based on a robust foundation of academic research, published findings as well as the rich experience of the founders of TLG. In the design of each Align+® diagnostic we considered well known / researched works. For example:

- **Align+®** Strategy considered, among other sources, the seminal research of Michael Porter and Alfred Chandler.
- **Align+®** Engagement considered, among other sources, the work of Croner, Kaplan, Bliss Gately.
- **Align+®** Culture considered, among other sources, the work of Hofstede, Schein, Harrison, Pettigrew.
- **Align+®** Structure considered, among other sources, the work of Mintzberg, Galbraith, Downey and Kates as well as published reports from consulting groups including BCG, McKinsey, Ackerman and Booz Allen Hamilton.

Direction of Future Development

The **Align+®** suite of diagnostics is, by definition, a learning and evolving tool, which will pick up cues from actual use of the diagnostics. It will continue to be developed using the most appropriate technological solutions and advances.

- In the near term, the diagnostic will be made even more user friendly and effective by:
    a. incorporating features such as the ability to automatically select analysis outputs and collate them into presentations and reports.
    b. combining pre-packaged workshops with the diagnostics, making it easier for clients to use the diagnostics and run workshops on their own.
- In the medium term :
    a. AI (Artifical Intelligence) and ML (Machine Learning) technologies will be used to enable the diagnostics to communicate with each other, so that issues of key concern identified in a diagnostic, will automatically prompt the user to take the more detailed diagnostic that covers that particular aspect.
    b. AI will be used to incorporate external data sources (such as benchmarks) so that an organisation's indices can be seen in the context of industry peers.

Validity

We recognise that when designing a commercial diagnostic tool, our clients, partners and users will need to know that **Align+®** is testing what it is intended to test. Where validity is "an integrated evaluative judgment of the degree to which empirical evidence and theoretical rationales support the adequacy and appropriateness of inferences and actions based on test scores or other modes of assessment" we have sought and are continuing to gather empirical evidence to support our rationale and tool design.

To date our clients have completed nearly 8000 of our diagnostic tools (across the Align+® diagnostic suite). We have had no substantive questions or queries about the validity of the questions asked, or the outcome of the resulting conversations upon which organisational decisions are made. This to us is not surprising. We have not (for example) sought to design psychometric tools which must be based upon a very strong foundation of research into personality. Instead we have designed 'self-perception' inventories / diagnostics, which seek to understand the level of confidence leaders have in their organisations ability to deliver their strategy.

Therefore, for us, f**ace validity** is critical. By this we mean the degree to which an assessment or test subjectively appears to measure the variable or construct that it is supposed to measure. In other words, **face validity** is when an assessment or test appears to do what it claims to do. Align+® has strong face validity.

Reliability

We understand that our clients also need to be happy that there is an overall consistency within the diagnostics and that if we were to administer the same test twice over a period of time to a group of individuals, we would record a consistent set of scores. (i.e. the scores from Time 1 and Time 2 might be correlated in order to evaluate the test for stability over time). For us, this is less important in that the outcome of all of our diagnostics is action, that leads to change. It is therefore most unlikely, and actually, not desirable, that a group score remains the same from one 'test' to another as this would imply no action or improvement.

The real test for us, with all of the Align+® diagnostics, is that they highlight misalignments or fault lines against which an organisation can take action and improve its effectiveness in the execution of its strategy.

References

Appendix 1 provides a selection of the references we studied and considered in the creation of the Align+® suite of diagnostics.

Strategy

https://www.cleverism.com/threat-of-new-entrants-porters-five-forces-model/

https://hbr.org/1975/01/market-share-a-key-to-profitability

http://www.mbatools.co.uk/Marketing/bgcgrowthmatrix.htm

https://www.torbenrick.eu/blog/strategy/effective-strategy-execution/

http://scpd.stanford.edu/sites/default/files/strategic-execution-framework_whitepaper2_project-management-program_201....pdf

Structure

http://www.nationalforum.com/Electronic%20Journal%20Volumes/Lunenburg,%20Fred%20C.%20Organizational%20Structure%20%20Mintzberg%20Framework%20IJSAID%20V14%20N1%202012.pdf (Mintzberg)

https://www.bcg.com/en-gb/publications/2017/people-boosting-performance-through-organization-design.aspx

Designing Dynamic Organisations – Galbraith, Downey, Kates. Amacom 2002

Organisation Culture

https://www.researchgate.net/publication/227995656_A_strong_market_culture_drives_organizational_performance_and_success

Hofstede's culture:

https://www.peoplematters.in/article/culture/hofstedes-theory-of-cultural-dimensions-and-organizational-culture-17657

The Seven Cultures of Capitalism – Hampden Turner and Trompenaars. Piatkus 1993

Schein's Onion:

https://www.toolshero.com/leadership/organizational-culture-model-schein/#download

Harrison's model:

https://www.slideshare.net/clase5pt09/harrison-typologies-of-organizational-culture

Engagement

https://croner.co.uk/culture-performance/cost-of-staff-turnover/

https://www.acas.org.uk/index.aspx?articleid=4857

https://www.forbes.com/sites/billconerly/2018/08/12/companies-need-to-know-the-dollar-cost-of-employee-turnover/#7a0ef332d590