pwc.com.au/consulting/performance-alignment

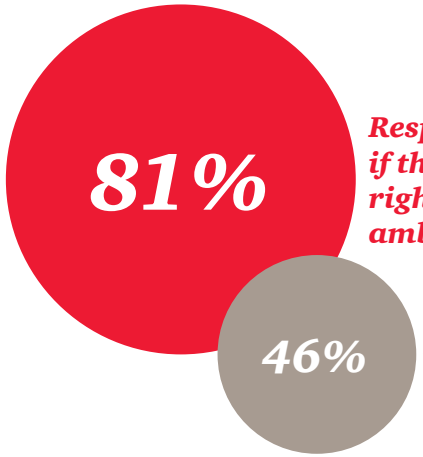
Alignment
How do high performing organisations realise their potential?

2012

pwc

Australian companies are unsatisfied with their ability to execute

A recent PwC survey of Australian organisations highlighted a disconnect between strategy and execution



Responded positively when asked if their organisations have the right strategy, purpose, vision, and ambitions to reach their full potential

...yet only 46% responded positively when asked if their organisations are executing this strategy well

> ***"The one thing that high performing organisations consistently do better than the rest is aligning the organisation to achieve clarity and unity around the purpose and strategy"***
>
> Steve Vamos, President, Society for Knowledge Economics

At the heart of this challenge lies the ability to successfully navigate change

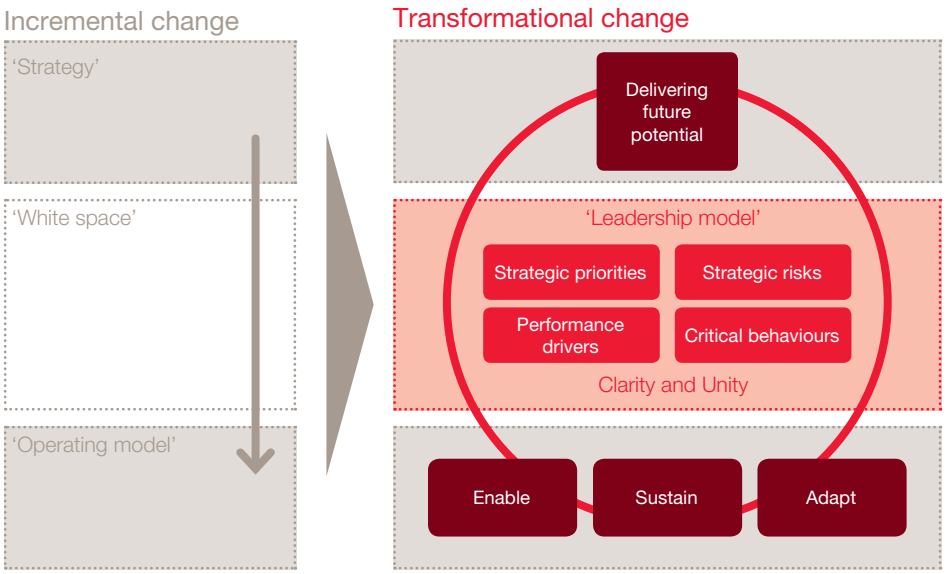
Faced with unprecedented uncertainty and change, organisations' ability to execute hinges on their transformational capabilities

Market trend	Implication for organisations
Growth in developed countries set to slow	• Transform operating model • Granular growth focus • Disciplined productivity focus
Growth shifting to emerging economies but remaining volatile	• Develop new operating models for emerging economies • Greater focus on speed and agility
Funding constraints in capital markets	• Boards reticent to sign off on inorganic growth strategies and quick fix solutions
War on talent	• Pressure to attract and retain the right internal capability
Focus on short-term earnings results	• Dual and competing demands of short-term results vs achievement of longer term strategic goals
Technological advancements	• Customer needs and behaviours rapidly evolving
Uncertainty and volatility in global economic outlook	• Increased investor scrutiny over execution capabilities

Success depends on the extent to which leaders can successfully align their organisations to meet the challenges of the new operating environment

Alignment is the critical enabler of transformational change

Focusing on the Leadership model will drive alignment



Organisations who score in the top quartile across the four 'lenses' of the Leadership model are more likely to perform in the top quartile for strategy execution

Strategic priority lens
Priorities and inherent tradeoffs are understood at the right level to inform decision making

3x *more likely to be top quartile in strategy execution*

Strategic risks lens
Risks associated with strategy are understood, quantified and prioritised

2x *more likely to be top quartile in strategy execution*

Performance drivers lens
Performance is managed against the success measures that underpin the strategy

3x *more likely to be top quartile in strategy execution*

Critical behaviours lens
Specific behaviours that drive value in strategy delivery are embedded in the organisation

2x *more likely to be top quartile in strategy execution*

Australian companies are underestimating the alignment challenge

While leaders have positive views on alignment, they have critical 'blind spots' limiting their ability to achieve their strategic potential

Most organisations believe they are engaging in the appropriate activities to achieve alignment
...but in many cases they are unhappy with the outcomes

84%

Even though...
84% believe their strategic priorities will deliver on their ambitions and purpose

41%

*...only **41%** believe that people understand the strategy sufficiently to inform decision making*

82%

Even though...
82% are confident they have the right performance management systems in place

33%

*...only **33%** believe management information is sophisticated and accurate enough to be effectively managed*

79%

Even though...
79% believe the critical behaviours promoted by their organisation are appropriate

25%

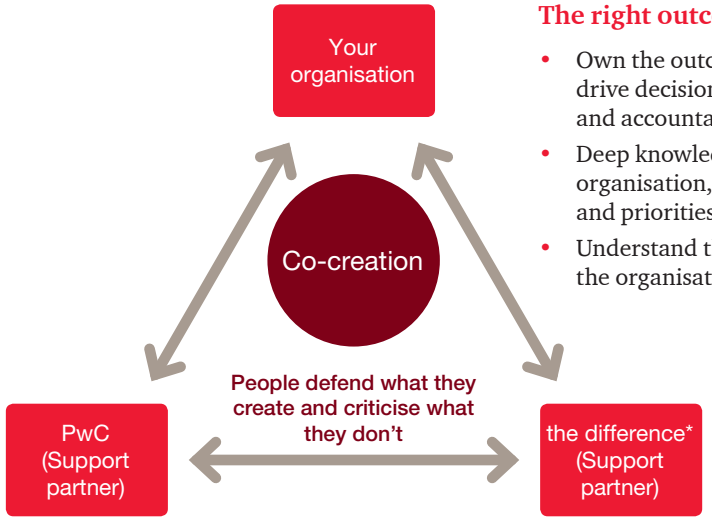
*...only **25%** feel there are clear consequences for anyone who fails to 'live' these behaviours*

"Before engaging PwC, we had the greatest of intentions but we didn't understand the questions and possibilities. PwC drove clarity and alignment at the most senior levels for us to commence our alignment journey"

Senior Executive, Australian Financial Services Institution

A new approach is required to address the 'blind spots' of execution

PwC's approach brings broad skill sets to engage all stakeholder groups on their own terms



The right outcomes

- Own the outcomes, and drive decision-making and accountabilities
- Deep knowledge of the organisation, strategic intent and priorities
- Understand the culture and how the organisation works

The right insights and capabilities

- Fact-based, rigorous approach to addressing the critical issues
- Objective challenge and stretch through the alignment journey
- A multi-disciplinary team bringing together the skill-sets to drive change
- Balance the 'What' and the 'How' of the alignment journey

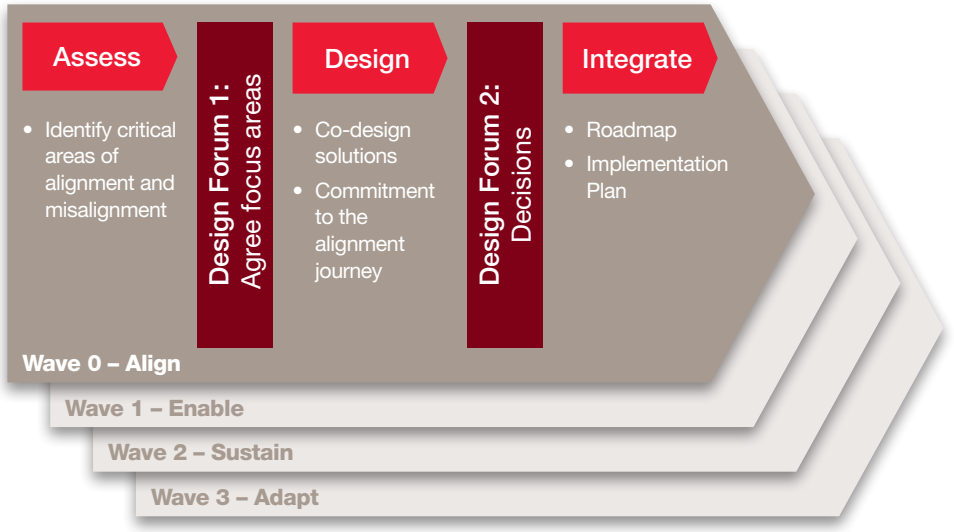
The right levels of engagement, ownership, energy and passion

- Facilitated design forums delivering accelerated decision making
- A different approach to engaging hearts and minds through co-creation
- "*We have achieved more in one design forum than we would have in 3-6 months work under our traditional approach*" – Senior Executive, ASX 100 company

*the difference is a business unit of PwC

Where to start

Alignment is the first phase in a program of work designed to set your organisation up for success



What it takes

- Willingness to lead disruptive change
- Tackling issues and challenging conversations head on
- Stakeholders staying the course
- Preparedness to challenge the status quo
- Time commitment from leaders and key stakeholders
- Alignment needs to start at the top

"PwC and the difference gave us clarity to enable us to win in the market going forward"

Steve Tucker, CEO, NAB Wealth

PwC contacts

For a deeper conversation about Alignment, please contact:

Justin McLean
Partner
+61 (3) 8603 3352
justin.mclean@au.pwc.com

Derek Barker
Partner
+61 (3) 8603 0028
derek.barker@au.pwc.com

Matt Guthridge
Partner
+61 (3) 8603 3160
matt.guthridge@au.pwc.com

Chloe Hawcroft
Director
+61 (2) 8286 1653
chloe.hawcroft@au.pwc.com

"The biggest factor preventing our organisation from reaching its full potential is our ability to execute our strategies quickly to remain ahead of the competition"

Senior Manager, major logistics company

© 2012 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australia member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

Liability limited by a scheme approved under Professional Standards Legislation.

WL248347