WHITE PAPER

Organization Development: Accelerating to High Performance Through Multi-Tier Alignments

by Howard M. Guttman

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AT A GLANCE

FOREWORD

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Today's business organizations are facing unparalleled challenges that go way beyond operating in tough economic times. They can be summed up in a few words: globalization and Digital-Age decision making.

Coming to terms with these forces is surely a top priority for senior executives. The question that every leader must grapple with is: *How can we keep our organization focused and disciplined without losing the dynamic drive and creativity that are essential for high performance?*

Here is how I answer the question in the organization that I lead: alignment. I think of alignment as a way of coming to terms with the push-pull forces of the 21st-century enterprise. If you have an organization in which strategy, business priorities, and roles and responsibilities are in sync, and your people believe in and live by the same culture of high performance—enterprise-wide thinking, accountability, transparency, and a results focus—then you are equipped to outpoint competitors in good and bad times.

Many commentators on the subject treat alignment as a one-dimensional concept. To them, alignment is a direct line of sight extending from the top team to shop-floor and back-office personnel to those "feet-on-the-street" sales and service reps.

Such a concept is only partially true. To the notion of vertical alignment, Howard Guttmann's *Organization Development: Accelerating to High Performance Through Multi-Tier Alignments* adds the concept of **horizontal alignment**. So much of our problem solving and decision making these days takes place working cross functionally and interdependently, often in a matrix setting. High performance requires being aligned not only up and down, but **across** the organization.

It is this richer, "multi-tier" approach to the subject that Howard Guttman puts forward in this White Paper. And I can attest from personal experience how powerful the multi-tier alignment approach is.

As you will read in the case study on Redken cited in *Organization Development: Accelerating to High Performance Through Multi-Tier Alignments*, when I first joined Redken in 1993, the unit I was in, Redken Fifth Avenue, was misaligned and underperforming.

FOREWORD

Business goals were fuzzy, silo thinking prevailed, and internal conflict was rampant. Not surprisingly, business results suffered. My predecessor brought in Guttman Development Strategies to help reinvent our business model. When I assumed the top leadership position of the unit, I not only continued the alignment process but also extended it throughout the organization.

As a result, performance has improved significantly in just about every category, from financial returns to customer service to product innovation.

Early in 2009, I was promoted to the position of president, brands, for L'Oréal's Professional Products Division. And one of the first leadership tasks that I have set for my organization is to create an aligned, high-performance culture across our seven brands.

Howard Guttman brings keen practical insight and deep experience to his subject. In addition to that of Redken, you'll read case examples of multi-tier alignment in action from Mars, Inc.'s Latin American Division and from INTTRA, Inc. The theory and practice of organization development using the multi-tier concept as the driving force is clearly articulated. The challenge is to move it from the pages that follow to your organization.

Organization Development: Accelerating to High Performance Through Multi-Tier Alignments

When Brian Camastral took over Mars, Inc.'s Latin American Division in 2005, the 3,000-associate operation had been consistently underperforming. The region was comprised of four business units: Two were losing money, one was declining, and the fourth was growing incrementally.

People operated in isolated silos, and associate engagement was in the 20th percentile, according to the Gallop employee survey. The region was known for missing financial targets, year-end financial surprises, and a weak talent pipeline.

Today, the region has been transformed into seven engaged, interdependent business units with local focus and accountability. Associate engagement has reached the 80th percentile. Financial results have exceeded expectations for four consecutive years: Growth has accelerated from 5 percent to 17 percent, and earnings have tripled.

How did Camastral transform an underperforming organization into a standout? Not by using traditional organization development (O.D.) methods such as reengineering, business-process redesign, TQM, Lean principles, or even a deep dunk into training and development. And although he began by dividing the three lumbering operational segments—South America, Mexico, and the Caribbean—into seven smaller, more focused business units, the changes he made went far beyond restructuring.

Camastral reinvented Mars Latin America by sweeping away the old hierarchical organization model and replacing it with a horizontal, high-performance one. The transformation began, as it usually does, by aligning the top team in five key areas: strategy, operational goals, roles and responsibilities, protocols, and interpersonal behaviors.[1]

"It had always been my intention," says Camastral, "to build a high-performance organization. I knew that I had to start by building a strong top team." Camastral's team, which includes seven business-unit heads and five functional leaders, went through its first alignment in 2005, and over the next two years it met several times a year to realign, reassess its progress, and acquire additional skills. During this time, the 12 senior-team members aligned their own business units or functional areas at least once a year, and in some cases twice.

[1] For an in-depth discussion of the alignment process, see our White Paper, "Alignment for Top Performance: What It Is and How to Achieve It," available at www.guttmandev.com.

As the business started to turn around, Camastral and his team found themselves facing a new set of challenges: “We were beginning to create lots of new opportunities, but we didn’t have the resources to take advantage of them. One high-performing team at the top wasn’t enough to handle every issue. We needed to pass the responsibility down in order to score more wins.”

The solution: Embed the high-performance model further down in the organization by conducting a multi-tier alignment.

“O.D.” Through Multi-Tier Alignments

Ask any shareholder what he or she thinks the CEO and top team are paid to do, and the answer will likely be “focus on strategy.” And these days “focus” translates to strategy execution.

Herein lies the challenge. While strategy formulation is typically a solo performance for the top management team, execution is more other dependent and involves the next tiers down. Often, these levels are not fully equipped to drive execution. In the case of Mars Latin America, Brian Camastral and his team realized that they did not have the bench strength to accomplish their new goals. After their alignment and skills training, they themselves were strong, and each of their individual functions and units was strong, but there was no cross-functional team below them to move smartly from vision to action.

The multi-tier alignment process is a disciplined way to develop the performance muscle of an organization, beginning with the senior team, moving across to functional teams, and then proceeding vertically to successive tiers of an organization.

Multi-tier alignments offer a unique, powerful route to organization development. As the process unfolds, the end result is the creation of an organizational capability for sustained high performance.

Multi-tier alignments are based on four underlying principles:

- **The vision is a high-performance, horizontal one.** Within each level and between levels, the thrust is to break down hierarchies, eliminate silos, distribute decision making, and create a sense of “we accountability” throughout the organization. And the requirement is for leaders to go horizontal for real, transforming first the top team and then the combined top two tiers into a mini board of like-minded, high-performing leader-players.
- **The goal is squarely on business results.** Change per se is not a key objective of the high-performing approach. Instead, the fuel for the effort is some significant business challenge

that must be met by the highest levels of the organization. What matters is accelerating their performance to achieve the results they have been charged with. There is no gap between the change effort itself and the business results it seeks to produce.

- **The focus is on tight targeting.** High-performance leaders shy away from large-scale interventions aimed at transforming entire organizations in relatively short order. Let's face it: No matter how large or small a company is, it is the willingness of the top two levels to shift their mind-set that makes or breaks the organization's ability to excel. Getting these people operating horizontally—with the same strategy, accountabilities, interdependencies, and ways of working—is the fastest way to develop an organization's capacity to generate sustained strategic and operational results. Aligning them speeds up everything—issue resolution, decision making, design-to-market time, and all the other value-creating activities that keep organizations ahead of competitors.
- **The emphasis is on building organizational momentum.** The high-performance approach to organization development begins with the senior team—whether at corporate, divisional, business unit, or even department level. Inevitably, after we align a senior team and its members experience the benefits of working as a horizontal, high-performing team, they want to extend those benefits to the people who report to them. As one GDS consultant observed, "When you are on a high-performing team, the productive tension that has been created to drive the business is palpable. People begin to ask, 'How do we get this into the rest of the organization? How do we get more people to operate this way?'"

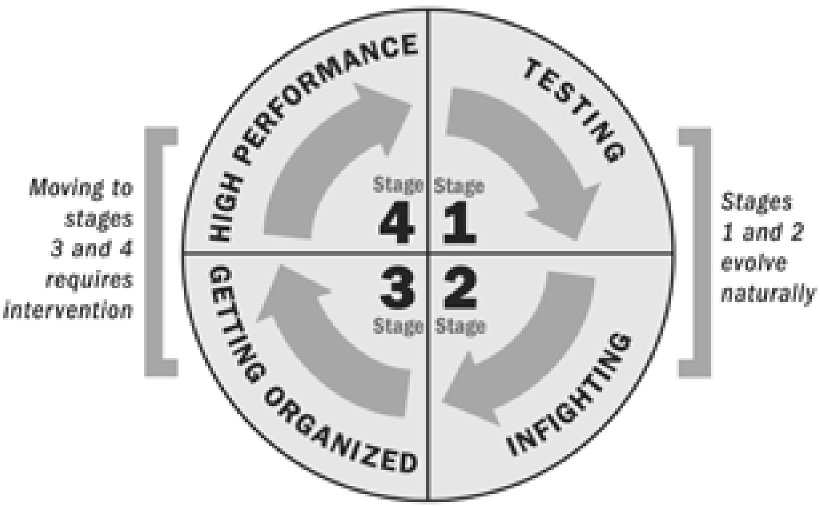
  At the same time, the next level has been told about the top team's alignment and has noticed a dramatic change in its behavior. Members of the top team are asking their direct reports for suggestions, listening more attentively to inputs, involving more people in decisions, talking more about meeting company goals than functional ones.

Aligning the Senior Team

In 2005, the CEO of a large manufacturing company called us in to align his senior team. The impetus: The company had acquired several new product lines, and the CEO was afraid that the team, which had been so successful at managing a single-product entity, would not be able to meet the challenges inherent in running a multi-product organization. Specifically, most of the 10 vice presidents on the team had joined the company in its early days as a start-up; they were strong technically and strategically, but they did not have the skills to function in a matrixed organization, where they needed to influence and negotiate cross functionally. Hopefully, the alignment would prepare them to work horizontally and to operate as a mini board of directors.

In the following months, the team members attended skill development workshops in conflict management, assertion, influencing, active listening, and other skills needed to put into practice the concepts they had been exposed to in the alignment. As they were going through the skills training, the VPs began aligning their functions, one by one.

Six months after their alignment, the senior team came back together for a reassessment. They answered the same questions that had been asked before the alignment in order to determine where the team stood on the Team Development Wheel.



An analysis of the responses showed that they were still in Stage 2—the result, in all likelihood, of taking on new players. They still had a great deal of work to do before they would begin tracking as a high-performing team.

After another six months, they reassessed once again—this time with much more positive results. The data revealed that they had broken through to Stage 3 and were well on their way to Stage 4.

At this point, the inevitable happened. The members of the top team decided that it was time to bring in the next level: the 50-or-so directors who reported to them. They began to pave the way for the first multi-tier alignment, beginning with an overview session, led by the CEO, with our assistance.

Moving to the Next Tier

How do you go about extending the model to the next tier? Before we describe the multi-tier alignment process in detail, we should emphasize that there is no single, "right" way to structure it. Nevertheless, the manufacturing company just cited followed a typical model, which is why we present it in the pages that follow.

Once the decision had been made to align the next tier, here is how the process unfolded.

Multi-Tier Alignments: What Takes Place?

Pre-Alignment: Overview, Data Collection, Feedback to Tier 1

A standard multi-tier alignment takes two full days. A few weeks prior to the actual alignment, an overview session is held, which runs between one-and-a-half and two hours and includes everyone who will be participating in the alignment. In our manufacturing example, this was the CEO, the 10 VPs who made up his senior team, and the 50 directors who reported to them.

The heart of the overview is the explanation, by the CEO, of the business case for cascading the horizontal, high-performance model down to the next level or levels. The overview is a way for the CEO to establish what the high-performance end-game looks like:

1. The mission, goals, and business priorities of the team are clear to all team members.

2. The team is comprised of the "right" players. This implies that they are technically/functionally competent, with the ability and willingness to influence across functional lines.

3. The roles/points of intersection/turf are clear to all team members regarding every player on the team.

4. Team members are committed to the team "winning" (achieving the business goal) over their own parochial/functional self-interest.

5. The decision-making/leadership mechanism that the team employs is understood and accepted by all team members.

6. Every team member feels a sense of ownership/accountability for the business results that the team creates. As a result, every team member feels that they have a license to speak on any matter concerning how the group functions. The team operates as a Managing Board of Directors.

7. All team members are comfortable dealing with conflict in the team. Consequently, they are willing to be candid, able to depersonalize, and attempt to reach resolution on outstanding team issues.

8. The team has a willingness to periodically self-assess its progress as a group, focusing on how the team functions as a total group. This includes assessing the business deliverables, individual commitments, and relevant protocols.

The overview is also an opportunity to set expectations for the session; establish ground rules; and get a preliminary reading of the issues, barriers, and potential benefits from the vantages of both the senior team and its direct reports.

A few weeks following the overview, it is on to data collection. Focus groups are held on each level to be aligned. Members of the groups are asked to complete, individually and anonymously, a questionnaire assessing the combined team's actual behavior compared to that of an ideal high-performing team. This is followed by a general discussion of the issues between the levels and across functions, as the focus groups perceive them. After the session, the quantitative data from the questionnaire and the qualitative data from the discussion are compiled by the consultant.

Here is a sampling of questions taken from the questionnaire:

1. Rate the effectiveness of the team, operating as a high-performing team, in accomplishing its business goals:

Not effective	1		2		3		4		5	**Very effective**

Comments: ____

What would it take for the team to be a "5" ? __________________

2. Describe the working atmosphere within the team:

Wary/closed, hidden agendas	1		2		3		4		5	**Candid/open/ relaxed easy to speak your mind**

Comments: ____

3. Give one suggestion for [senior/leadership team name] to increase their effectiveness as team leaders:

____

____

In our manufacturing client, the quantitative and qualitative responses revealed a number of disconnects between the perceptions of the senior team and the directors who reported to it, and among the directors themselves. They included:

- The senior team expressed the opinion that the team's goals were quite clear, while the directors' rating indicated that they would like more clarity in this area.
- While the senior team believed that roles and responsibilities were quite clear, the directors indicated a fairly high degree of ambiguity in this area.
- Both the directors and the senior team rated their way of working together as highly siloed and independent.
- Most of the directors believed that the top team "hoarded" decision-making power, and needed to distribute more of it—especially the authority to make operational decisions—to them.
- Some of the directors accused their peers of "playing up" and the senior team of "playing favorites," especially when it came to allocating resources.

On the day before the multi-tier alignment, the consultant reviews the data with the senior team. This session, which typically lasts anywhere from two hours to half a day, gives the members of the senior team a chance to review the feedback from their direct reports. It also gives the CEO and consultant a chance to plan, or "choreograph," the upcoming two days to ensure that the most pressing issues are dealt with and resolved.

Day One: Function-to-Function Alignment

In a multi-tier alignment, the focus is less on individual players—which is where it is when we align a single team—than it is in aligning functions.

At the beginning of day one, the combined leadership team—all of the levels to be aligned—is shown the data that was revealed to the senior team the day before. We "hold up the mirror" so that everyone can assess how and where they must move up their level of play.

The major functions are then aligned with one another. During the experience, each function has an opportunity to provide feedback to every other function on how it, as a whole, communicates, interacts, and honors commitments. Functions then contract with one another to change functional behavior in the days and months ahead.

After the data has been shared and discussed, the participating members of each function—for example, the VP of marketing and the director of marketing or the VP of sales and the director of sales—get together to plan the input they are going to give to the other functions. They look at their sister functions and ask, “What does that function need to do to add more to our function’s interaction with it? What does that function need to do to add more value to the company as a whole?”

Then, the functions begin providing input to one another and engaging. For example, the Marketing representatives come up to the front of the room. R&D tells Marketing what Marketing needs to do to add value and/or what R&D needs from it. The other functions follow, until every function has had its turn.

To return to our manufacturing-company example, here are a few of the messages delivered by the functions:

- To HR from Sales: “Create a company-wide onboarding process that all new employees would go through in their first 60 days.”
- To IT from Finance: “Improve testing and training methodology, including unit and regression testing; establish agreements and execute to agreed-on plan, to include impact of scoped changes.”
- To Marketing from Sales: “Clarify roles and responsibilities. Even if we don’t “own” a marketing campaign, we would like to be consulted and sign off on the materials/message before they go out to the public.”
- To Sales from Finance: “Your projections need to be more accurate, and we need to get them earlier.”

Finally, there are discussion between functional representatives to determine which requests are highest priorities and a time frame for addressing them.

Day Two: Aligning Levels

On day two, the focus shifts from how the functions interact to how the first and second tiers relate to one another.

The day begins with the senior team meeting alone to develop a list of things that the second tier needs to do to improve its performance and that of the organization. In the manufacturing company, the list was typical:

- Take more ownership for the implementation of our company strategy.
- Speed up the development of new products.
- Reduce customer complaints by 10% in the next year.

- Provide us with more specific, timely information on rejects and rework.
- Shorten recruiting time when replacing key players.
- Stop coming to us after a decision has been made and asking us to change it.
- Don't tell tales; if you have an issue with another VP, discuss it with him/her directly.

Simultaneously, the second tier meets on its own and lists what it wants and needs from the senior team. Requests from the second tier in our manufacturing company were also typical:

- Allow us to have more input into the formulation of our company strategy.
- Make the resource-allocation process more transparent.
- Set priorities on projects and stick with them; don't add new projects without taking some away.
- Give us more authority to make operational decisions.
- In meetings, don't arbitrarily cut one of us off in the middle of a discussion and move to the next agenda item.
- Ask for our input when selecting a new member of the senior team.
- Don't allow our direct reports (the third tier) to go over our heads and complain to you.

Notice that several of these requests from both tiers mirror one another. It is a typical occurrence, as those on both the giving and receiving end of messages, behavioral cues, and requests examine the patterns of interaction and what needs to change between tiers in order to raise the level of performance.

What happens now is one of the most dramatic—and game-changing—encounters of the alignment session. The two levels face each other across the room, with each tier requesting what it wants from the other.

Expressing "wants" is one thing, having the buy-in and resources to turn wants into reality is something else. This is accomplished by having each tier express what it needs to get the job done. For example, when the senior manufacturing team told its VPs that it wanted to see a 10 percent reduction in customer complaints, the VPs responded that in order to meet that goal they would need to hire more customer service reps and beef up their training. When the VPs asked the top team to stop giving them new projects without revisiting existing priorities, the latter requested that the VPs provide them with more complete project data and schedule regular meetings between the two levels to review it.

As the alignment session nears an end, there remain several important items to address, including formalizing level-to-level and function-to-function agreements and crafting a message to tier three. In addition, a small steering group, comprised of several members from each tier, is formed. Going forward, this group will be responsible for monitoring and tracking the progress of the agreements and for removing any barriers to high performance.

The first phase of the multi-tier alignment ends at this point, but the organization's journey to high performance has just begun. During the alignment, tier two was **introduced** to the skill sets needed to operate in a high-performance environment: managing conflict, influencing others, active listening, and so on. In the coming months, it will need the same kind of in-depth skills training that tier one underwent after its first alignment. Workshops will be scheduled. Individual coaching will be arranged for team members who had difficulty internalizing the concepts during the session. Approximately nine months after the initial session, the combined leadership team will get back together for a formal reassessment and, if needed, recalibration.

Variations on the Multi-Tier Theme

Alignment is all about changing **the way people work together.** Because organizations are human entities, any change must be tailored to meet the specific needs of the people who will be involved. And, since no two organizations are exactly alike in structure, culture, or industry position, these variations also need to be considered when designing the experience.

Multi-Tier Alignments: Who Should Attend?

There is no one right answer here. One strength of the multi-tier alignment process is that the size of the organization does not matter. In small corporations, business units, and even single plants, we have conducted multi-tiers with as few as 25 people. In global organizations we have worked with as many as 200: the president and senior team, along with functional and regional organizations.

In some organizations, the multi-tier process begins with a joint alignment session for the senior team and the next level down. In other cases, the second level first goes through its own, separate alignment prior to aligning with the senior team.

When deciding who will attend the session, keep one thing in mind: The goal is to get the right people in the room so they can discuss how the organization operates and how it needs to change in order to excel in the marketplace. Anyone whose presence will further that goal should be there; those who will not, should not.

One GDS senior consultant recently conducted a multi-tier alignment for a large N.J.-based pharmaceutical company. He firmly believes that “You don’t determine who will be in the session by looking at the organization chart. Looking at the critical intersections needed for the business to succeed allows you to replicate the way the business actually performs and to have dialogues not only level to level and function to function, but across business teams as well, according to whatever structure is in use.”

At the company, 125 people were included in the alignment: the senior team, its direct reports, and several high-performing individuals who play a pivotal role in the business. Some alignments also include dotted-line reports. In pharmaceuticals, for example, the leader may “own” only the development side of the business, and not the research leg. But both sides are so important to the success of the company that Research is invited to the multi-tier alignment.

Another strength of the multi-tier process is that it is flexible enough to accommodate any complex, matrix structure. Many companies have standing business teams—part of the structure that has been created in order to accomplish strategic goals. For instance, at one of our global clients, New Zealand’s Fonterra Co-operative Group Limited’s Australian subsidiary, there are brand teams that include not just the brand members, but also representatives from Sales, R&D, Marketing, and a variety of other people who are tasked with the care and health of that particular brand in the marketplace. They are mini business teams that are not organized by geography or function, but they own a piece of the business, so they were part of the multi-tier alignment arranged by John Doumani, managing director, Fonterra Australia-New Zealand.

In some cases, the top executive has good reasons for skipping the level-to-level alignment and moving directly to business-team alignments. That was the case when Catherine Burzik became president of Applied Biosystems (AB).

Burzik began by aligning her senior team and then tried to follow the multi-tier model to cascade high-performance teams down through AB. But she soon encountered problems. Mark Stevenson, executive vice president of Applied Biosystems at the time, was a member of the senior team that Burzik shepherded to high performance. He remembers, “Initially, we tried to involve all the senior team’s direct reports—about 150 in all. But the group was just too large, and there weren’t enough common problems for them to work on together.”

Stevenson points to two other approaches that were more successful. Within each function, high-performing teams were created. High-performing individuals were also pulled in to make up cross-functional teams charged with working on a number of high-priority business issues. Comments Stevenson, “You need to have real issues to deal with in order to go through an alignment. Especially when it comes to conflict resolution, you can’t do it unless there are real relationship issues on the table.”

Burzik agrees with Stevenson’s assessment. Shortly after she moved from AB to the top spot at Kinetic Concepts Inc. (KCI), she told us that she had no intention of trying to conduct multi-tier alignments, one after another, at KCI. “I plan to start by aligning the top team, of course, but then I am going to identify key teams below the top team that will be critical to the future success of the company,” said Burzik. For example, she quickly realized that KCI needed to establish a global team—consisting of senior, high-producing marketing and R&D leaders—to own the brand for its flagship advanced wound care product, Vacuum Assisted Closure, or V.A.C.® therapy. She gave them a mission and then got them aligned. Outside V.A.C. therapy, Burzik created a team with strategic focus and another with operational focus, both of which were also aligned around a common mission. She envisioned, at KCI, about 5 teams, of 10 each, that would work on critical issues. These 50 people would be aligned with the top team. “Once this is done,” explained Burzik, “there will be consistent, high-performance behaviors across all the teams.”

When Should A Multi-Tier Alignment Happen?

Again, there are no hard-and-fast rules, but when scheduling multi-tier alignments keep in mind an important safety tip: Members of senior teams don’t embarrass well. During the multi-tier, each member of the team is going to have to face the ultimate Excedrin moment: receiving and reacting to what may be uncomfortable feedback from his or her direct reports and others in the second tier. Making this experience a constructive one requires waiting until the senior team is sufficiently evolved in its ability to depersonalize feedback.

We recommend that the senior team be at least in Stage 3 in order to fully benefit from the experience. Timewise, this is usually between one and two years after their first alignment session. But, as with every other aspect of the process, there are often valid reasons for not following the average time frame.

A few years ago, we worked with an executive who had adopted a completely new organization structure. He decided to hold a multi-tier alignment in order to accelerate the acceptance and integration of the changes. Several members of the senior team were relatively new, and the team as a whole was untested. But, after deliberating long and hard, we came to the conclusion that the company couldn't afford to wait for the senior team to completely get its act together; it was far more important to accelerate the integration. We knew it wasn't going to be a walk in the park, but we were also certain that the team wasn't going to fall apart. While there were, in fact, a few awkward moments, it worked, and both tiers quickly became adept at operating within the new structure.

The earlier-than-usual alignment of his team had an additional benefit for the top executive. It clarified for him which members of his team he could truly count on, who was already on board, who needed further coaching and skills training, which pieces of the organization people were satisfied or dissatisfied with, and what he needed to focus on in the coming months.

Multi-Tier Alignment: Cases in Point

In the spirit that a case study is worth reams of explanation, here are three case studies of actual organizations, each of which illustrates how the multi-tier alignment process can be applied flexibly to different situations and the results that can be achieved.

Mars, Inc. Latin American Division

We began this paper with the example of Brian Camastral and his top team at Mars, Inc.'s Latin American Division, citing the challenges they faced and the results they achieved through their approach to multi-tier alignment.

Camastral tailored the multi-tier alignment model to meet his organization's unique needs. "We did it a little differently from the classic way," explains Camastral, "because we were dealing with a different structure and culture. The people in the multi-tier alignment didn't deal with one another on a day-to-day basis, so we didn't want to focus on changing the way they interacted. Our goal was not to correct broken patterns of interaction between functions and tiers but to accentuate the positive. We preferred to make the key players aware of their common goals and interests and the ways in which collaboration could improve business-unit and regional results at the same time."

The horizontal, high-performance effort had been going on for two years. The five functional heads and seven business-unit leaders on Camastral's team had aligned their individual team at least once and had provided skills training. Now, for the first time, each of the seven business units was going to be aligned with every other. "There was a total of 80 people, from three levels," says Camastral. "It would have taken so much time to align all of them cross functionally that we decided to modify the approach. In October 2007, we held one three-day meeting for all 80 people, and labeled it 'The Latin American Summit—Winning Connections.' We were trying to connect everyone with each other in order to create win-win relationships among all those who interacted."

On the first day, Camastral began the session with an invitation to join him in reshaping the region's future, to work more interdependently, and to make their best better: "I wanted them not only to play at a higher level but to do it in such a way that the people they interacted with wanted to contribute their best to the relationship."

He made sure that his top team played a very visible leadership role in the next part of the session. There are a number of strategies used to guide the region. First, there are separate strategies for each of the four segments in which the units do business—pet care, chocolate, sugar, and food; then there are three "enabling" strategies—a people strategy, a corporate-reputation strategy, and an operational excellence strategy. Camastral asked his team members to present, in pairs, each of the strategies to the combined team.

"The point wasn't to tell people what to do," explains Camastral. "It was to expose them to the ideas, to get them thinking strategically so that when we went into break-out sessions they would have a framework for discussing the region's future. In basketball, there are lines painted on the court, and you have to play within those lines. After the presentations, everyone knew where the out-of-bounds lines were. Within bounds, they could decide what plays to run. We gave them the framework and set them free."

The next two days were devoted to dialogue and idea exchange. In working with Camastral and his executives, we began by discussing each of the attributes of a high-performance team, such as interdependency, and what it looks like in action. The participants then broke into subteams, according to where they thought they could get the greatest benefit from collaborating. The result was a number of cross-business unit "interdependencies teams," including The Pet Care Innovation Team, The Chocolate Team, and The Lean Enterprise Team. These are the three that have since made the most progress, and they are working so well that The Chocolate Team has developed 14 very specific projects that it calls its interdependencies, and each one has its own leader.

Camastral notes that, after the three-day session, the newly created teams struggled with a number of interpersonal issues, such as one or two overly authoritative team leaders. Some of these breakdowns were dealt with by the individual and team coaching that we provided. Others were handled by members of the senior team. Camastral's goal, from the outset, was to get tier one to do less directing and more coaching. "My people had always been too busy directing their unit's operation to focus on strategic issues. I figured that if I could get them to hand over the keys to the car, it would free up at least half their time."

But Camastral found that several of his direct reports were not ready to let go of the keys. In January 2008, Camastral arranged a two-day coaching session for the senior team. "Afterwards," he comments, "my team members changed the way they interacted with the interdependency teams. They felt free; they knew how to coach; they knew how to go back to the subteams and inspire them to go the extra mile. On The Pet Care team, for example, the work took off so fast and went so far that I can't keep up with it. And, by any measure you look at, Latin America's numbers are off the chart. Our growth rate has gone from 5 percent to 17 percent. Profits have tripled since we started the effort. As an emerging market, you would think we would be importing talent from the rest of the company, but we are exporting it to the U.S. and Europe."

"My people had always been too busy directing their unit's operation to focus on strategic issues."

The rest of the Latin America Division is so enthusiastic about how the region is now working that the high-performance model is being cascaded down to additional levels. People are more engaged than ever before. It's amazing. It's fun to be part of a transformation like this."

Redken USA

Patrick Parenty was recently promoted to president, brands, for L'Oréal's Professional Products Division. L'Oréal is the parent company of Redken USA, which Parenty led since 1999. At Redken, the multi-tier alignment was just the jumping-off place for a widespread O.D. effort. Because Redken has fewer than 200 employees, Parenty has been able to cascade the horizontal, high-performance team model all the way down through the company, with amazing results.

When L'Oréal bought Redken USA in 1993, the brand had slipped from number one in hair-color sales to number three or four. L'Oréal brought in a new management team, made up of a senior vice president and a number of vice presidents. Aimed at reviving Redken's fortunes, the raft of initiatives they came up with—from advertising strategies to communication vehicles to new product development—went nowhere. What defeated the team, perhaps more than anything else, was the conflict among its members. Parenty, points out, "You can't get the work done if you are dealing with infighting all the time."

Four years later, despite the flurry of effort, not much had changed in terms of Redken's overall market position and bottom line. In 1997, Redken's top team had had enough. It decided to make a radical shift to the high-performance model.

Immediately after the initial alignment session, things changed. The VP of sales departed, and Parenty took his place. As roles and responsibilities were clarified, it became obvious that much of the decision-making power resided with the SVP. The issue was quickly addressed. Candid feedback to the SVP, once frowned upon, now flowed. When the SVP retired, Parenty took over the reins.

But a great senior team does not a great organization make, which is why Parenty and his team decided to align with the second tier: the company's 25 directors. The senior team carefully laid the groundwork, explaining the model and role-modeling high-performance behavior. By the time the multi-tier alignment session was held, the directors were ready, willing, and able.

Well, not quite "able." As is typical, a gap analysis conducted at the conclusion of the multi-tier alignment revealed that the directors needed a skills upgrade. Over the next several months, they participated in a carefully constructed training regime aimed at providing them with the critical leadership, conflict management, and influencing skills required for them to play at new, high-performing levels.

As a result, the senior team and the directors began to work together more seamlessly. Collaboration improved. Respective roles and responsibilities were clarified, which led to rooting out overlaps and redundancies. Underground behavior became a thing of the past. Decisions between the two tiers were made faster and more effectively.

In the next multi-tier, the 100 or so managers who reported to the directors were included. The process was repeated until all managers and field personnel were included in an all-encompassing alignment session. Parenty describes the effort as “an organization-wide evolution toward the practice of high-performing teams.” “By starting at the top and going all the way down through the company,” he observes, “the decision-making process became very clear: who owned what and when they owned it was very well understood. Every time we went down another level, decision making became much more fluid and much more on strategy. And interfunctional behavior changed dramatically. It became acceptable for everyone to question everything against business priorities. That made it much easier for every level to drop projects that didn’t agree with priorities.”

> “The decision-making process became very clear: who owned what and when they owned it was very well understood.”

The initial effort was completed three years ago, but reassessment and recalibration continue. Last June, another multi-tier session was conducted for the entire division, and another is planned for this year.

Did the trek from great senior team to great organization pay off? Here’s the scorecard of results:

Bottom Line

By 2007, Redken had achieved 10 years of double-digit sales and profit growth—a record no other hair care company has matched in the last decade.

Organization

Roles and responsibilities have become clearly delineated, eliminating interdepartmental tugs of war. Example: Education and Sales once worked at cross-purposes; there was no clear agreement about who did what to one another—or to the customer. Important issues were left unattended. Today, the confusion is gone; both functions work hand in glove, presenting customers with a powerful and integrated sales-education approach. There is a clear decision-making process in place.

People

There's no hiding out. People no longer hesitate to admit a mistake. You fess up and move on. "In this model," says Parenty, "you depersonalize; you don't attach the issue to a person." Mistakes are no longer career-enders, unless of course you are a serial offender. "Because there are no repercussions, it makes it easier for the issue to be resolved," Parenty concludes.

Teams

Teams throughout the organization attack the priorities—those that come from the business strategy. If the marketing team is considering launching a program to find new users, the opening question is, "Is that within our business strategy?" If "yes," the team moves quickly to the next level of discussion: "What's our current method? How would this new method compare—and can we win competitively? What are the measurables? Who is driving the decision?" If the program gets the go-ahead, the team proceeds just as quickly to determine who is responsible for each area, how much responsibility the full team, a subteam, and/or individuals will have for resolution. Cycle time from idea to implementation has been cut dramatically.

Customers

Communication to customers has become more focused and on point. Ask Redken customers about a new offer—a new hair care product, for example—from the company and you'll be amazed at how well informed they are. Salon owners know whom the program is targeted to, why Redken believes it will work, what all the components are, what they need to do to execute it, what Redken's support will be, what their role will be, what the costs will be, etc. They understand the logic behind what is being done. "You wouldn't get that same clarity from another company," says Parenty proudly.

INTTRA, INC.

INTTRA, Inc.is a New Jersey-based firm that operates the world's leading portal for ocean containerized freight. When the company's CEO, Ken Bloom, first aligned his senior team in January 2005, the business was already growing at more than 100 percent a year. But Bloom insisted on raising the bar. "My goal," he says, "was for every employee, all over the world, to be performing at the highest level and to be thinking strategically. We had to act before we became too big and before bad habits had a chance to set in."

Before the senior team's first alignment, we interviewed each of his VPs to determine how strategically focused they were. The feedback showed that team members had been so immersed in controlling their own department's urgent, day-to-day issues that they had not made enough time to step back and take a broader view of how to grow the company in its next phase of development. It also revealed that some members of the top team were unwilling to confide in one another when faced with the need to resolve business issues, and during the alignment session we focused on helping them improve their working relationships.

After the alignment session, Bloom looked for ways to reinforce the horizontal, high-performance concepts the team had been exposed to in order to keep them from backsliding into tactical, silo-based thinking and behavior. He also made sure that the level just below the VPs went through an alignment of its own, so the push for higher performance came from above and below. Bloom's rationale: "Once that lower level of management understood what it takes to operate at a higher level of performance—which included accepting more responsibility—the VPs no longer had an excuse for not letting go of the operational issues. They couldn't just pay lip service to the definition of trust that we'd agree on; once they started to talk the talk, they had to walk the walk."

The single-level alignments were followed by the first multi-tier, which also took place in 2005. Explains Bloom, "We aligned the Senior Leadership Team (known as the SLT and made up of Bloom and his vice presidents) with the next level down (the Operational Leadership Team, or OLT, which is made up of the company's directors within Commercial, IT, Product, Legal, Finance, and HR). A multi-tier alignment ensures that everyone is playing the same game: holding each other accountable, across functions, for business results. And there was a major cultural shift with the model. The organization becomes a house divided if you don't change the culture on both levels."

> "A multi-tier alignment ensures that everyone is playing the same game: holding each other accountable, across functions, for business results."

The company has continued to grow, breaking records in a way that has far exceeded the senior team's expectations. In 2007, INTTRA was honored as one of Deloitte's "Technology Fast 500," a ranking of the 500 fastest-growing technology, media, telecommunications, and life sciences companies in North America.

In 2009, the company is preparing for its next phase of growth, and 11 of the 19 players in the top two tiers are new. Bloom believes that INTTRA's commitment to high-performance teams has helped strengthen the company and get the change dynamic right—"You can't have a breakthrough without having a breakdown"—but he regrets having waited one-and-a-half years before holding a multi-tier for the vastly changed top two tiers. Part of the reason for the delay was that, from March through December 2008, the company was hiring and promoting some new members to both teams in support of its new, longer-term strategy. In the first quarter of 2009, single-level alignments were conducted for all members of the SLT and OLT. Then, in April 2009, we conducted a multi-tier alignment for both levels.

The April multi-tier session revealed that the VPs and directors needed to do a lot of work in order to take their game to a higher level. It quickly became apparent that some were unwilling to confide in their colleagues about their business issues. Many of the new executives—especially the directors—were uncomfortable tackling conflicts in a direct and candid way. But when they realized that this was expected of them, they rose to the occasion. Example: "We had a great idea," said one director, "but, when we brought it to you, you shot it down." The VPs also rose to the occasion. They listened and said, "Good. We got it." They processed the feedback and responded equally candidly, "We hear you saying that you don't feel that we have a decision-making process that is fair and square. Now, what do you think we should do about it?" And the dialogue began.

When it comes to resolving issues between the two highest levels of management in an organization, identifying corrective actions, and developing and committing to an implementation plan, there is no replacement for the no-holds-barred discussions that occur in a multi-tier alignment.

At the end of INTTRA's multi-tier alignment, a steering committee made up of two individuals from each level was appointed. Its job: Ensure that the commitments made during the alignment session are honored.

End Note

At the end of the day, organizations stand or fall on how well their people work together to achieve the highest-level of results. Organization development is first and foremost about developing a horizontal, high-performance context in which everyone works together—leads, owns, questions, challenges, creates, solves problems, makes decisions, plans—as a seamless, goal-driven entity. Multi-tier alignments are the best way we know to harness and direct an organization's collective energy so it remains fiercely competitive now and well into the future.

About the Author

Howard M. Guttman is principal of Guttman Development Strategies, Inc. (GDS), a Mount Arlington, NJ-based management consulting firm founded in 1989 and specializing in building high-performance teams, executive coaching, strategic and organizational alignment, and project implementation (www.guttmandev.com). GDS has been ranked #11 among Leadership Development consulting firms by *Leadership Excellence* magazine, which also named Mr. Guttman to its list of "Excellence 100 Top Thought Leaders."

Among GDS's U.S. and international corporate clients are Calvin Klein; Colgate-Palmolive; GE; John Hancock; Johnson & Johnson; Kinetic Concepts Inc. (KCI); L'Oréal USA; Mars, Inc.; Novartis; and Pfizer.

Mr. Guttman is a frequent contributor to professional journals such as *Harvard Management Update, Human Resource Executive, Chief Executive,* and *Leader to Leader*. He is quoted frequently in the business press and in broad-interest magazines and newspapers such as *TIME* magazine, *The Washington Post, U.S. News and World Report, U.S.A. Today* magazine, and *Investors Business Daily.*

He is the author of *Great Business Teams: Cracking the Code for Standout Performance* (John Wiley; www.greatbusinessteams.com), named one of the Top 30 Business Books of 2008 by Soundview Executive Book Summaries, and *When Goliaths Clash: Managing Executive Conflict to Build a More Dynamic Organization*. His next book, *Coach Yourself to Win: 7 Steps to Breakthrough Performance on the Job and in Your Life*, will be published by McGraw-Hill in Spring 2010.

Mr. Guttman is a sought-after speaker who addresses corporate and academic audiences on such topics as "Great Business Teams: What Does It Take?", "Conflict Management as a Core Leadership Competency," "Putting Performance into High-Performance Teams," "Executive Coaching: Lessons from the Firing Line," and "Alignment: From Strategy to Implementation."

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