Breckenridge Institute
HARNESSING THE POWER OF CULTURE™

Organizational Alignment Indicator™

Prepared For:

ABC Corporation

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Summary of Results

There are a number of signs that an organization is not aligned to get the results it want. For example, they are unable to change in the face of forces and threats from the business environment. They make key decisions that go unimplemented or get reversed. They struggle against overly complex systems that frustrate and undermine their attempts to create positive change. Their organization's culture acts like an Invisible Bureaucracy™ that prevents them from getting the results they want. Recognizing and acting on these signs with *disciple*, *rigor*, and *perseverance* are the first steps toward *making invisible bureaucracy visible* and improving your organization's performance.


| Low | Medium | High |
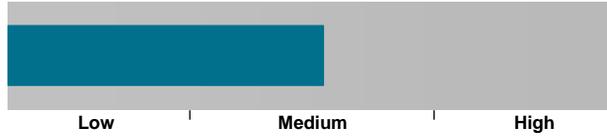
The data on the chart above show the overall score for your organization. A high score indicates that your organization frequently achieves its desired results, and a low score indicates that your desired results are routinely derailed, frustrated and undermined by Invisible Bureaucracy™. Some of the key signs that an organization is aligned to get the results it wants are shown as individual items on the chart below. Each item indicates definable issues within an organization's structures, systems, and culture that have the *cumulative effect* of either aligning your organization to get its desired results, or acting like an Invisible Bureaucracy™ that derails, frustrates, and undermines your organization's attempts to achieve its goals and objectives. The ability to *identify* and *change* ineffective ways-of-working is the true test of whether or not an organization has the agility to realign its structures, systems, and culture in response to the changing forces and demands of the business environment.

The data on the chart above show the item scores for your organization. A high score indicates that an item is contributing significantly to your organization's ability to achieve its desired results, and a low score indicates that an item is probably frustrating and undermining your organization's ability to achieve its desired results.

This section of the Organizational Alignment Indicator™ (OAI™) evaluates the degree to which your organization takes a strategic (100,000 foot elevation) view of *both* the external environment and the interaction between work-groups to align your organization to get the results you want.[1]
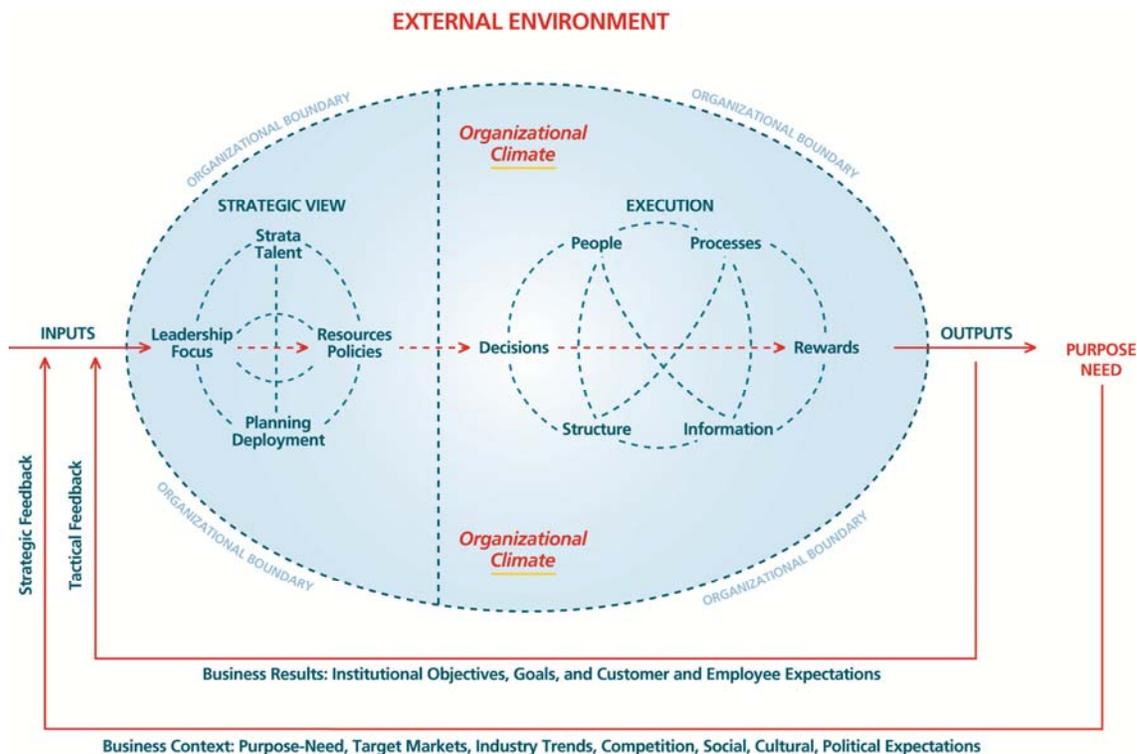
The six perspectives of the Strategic View are shown on the left side of the Open Systems diagram above and include: Leadership Focus, Resources and Policies, Planning and Deployment, Strata and Talent, Business Results, and Business Context. The data for *Leadership Focus* and *Resources* described below are a sub-set of these six perspectives that are key indicators of the degree to which your organization is (or is not) aligned to get the results you want.

Leadership Focus and Resources

When interpreting the data on the charts below, look for: a) high scores which indicate that an item is probably helping your organization to achieve its desired results, and b) the degree of alignment (consensus) between the scores of populations on the bar graph and the chart below the bar graph. Similarities and differences between scores are an indication of the degree to which the organization has consensus between top managers and other populations in the areas covered by the questions. When the scores of top managers and another population differ by less than 15 percent, they appear in green which indicates that top managers and other populations see these issues in much the same way (see chart below). When the difference between the scores of top managers and other populations is between 15 and 30 percent, that number appears in yellow signifying that there is a moderate misalignment between that population and top managers in terms of how they see these issues. When the difference between the scores of top managers and other populations is more than 30 percent, that number appears in red and signifies that there is a significant misalignment between that population and top managers in terms of how they see these issues. Misalignments and a lack of consensus are also indicators of squandered time and energy – resources that become unavailable to achieve the organization's goals and objectives.

Leadership Focus

1 - Top managers have a focused strategy for generating revenue and achieving our goals and objectives.

2 - Top managers do not allow "we-versus-they" thinking between departments to negatively impact the achieving of our goals and objectives.

Resources

3 - Top managers only budget for (commit resources to) things that help us achieve our goals and objectives.

4 - Managers insist that people use human, financial, and material resources effectively to achieve our goals and objectives.

Low   Medium   High
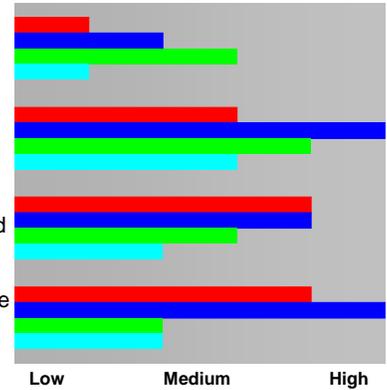
	1	2	3	4
Top Managers	20.0	40.0	60.0	20.0
Middle Managers	60.0	100.0	80.0	60.0
Supervisors	80.0	80.0	60.0	40.0
Staff	80.0	100.0	40.0	40.0

The data on the charts below is an indication of the degree to which your organization has consensus between top managers and work-groups in these two areas. When the scores of top managers and a work-group differ by less than 15 percent, they appear in green which indicates that top managers and that work-group see these issues in much the same way (see chart below).

|	1	2	3	4
Top Managers	20.0	40.0	60.0	20.0
Administration	80.0	60.0	90.0	40.0
Finance	40.0	80.0	60.0	60.0
Marketing	80.0	100.0	40.0	40.0

When the difference between the scores of top managers and a work-group is between 15 and 30 percent, that number appears in yellow signifying that there is a moderate misalignment between that work-group and top managers in terms of how they see these issues. When the difference between the scores of top managers and a work-group differ by more than 30 percent, that number appears in red and signifies that there is a significant misalignment between that work-group and top managers in terms of how they see these issues. Misalignments and a lack of consensus are also indicators of squandered time and energy – resources that become unavailable to achieve the organization's goals and objectives.

Related Structures and Systems

All six perspectives of the Strategic View shown on the left side of the Open Systems diagram above are needed for your organization to operate in an effective and sustainable way. This includes: Leadership Focus, Resources and Policies, Planning and Deployment, Strata and Talent, Business Results, and Business Context.[2] But the scale and complexity of these structures and systems should be "mapped" to the size of your organization, the scale and complexity of your end-to-end business processes, and should exist for the *sole purpose* of achieving your organization's desired results; e.g., they have no purpose in and of themselves, apart from the overall configuration of your organization's structures, systems, and culture. The six perspectives of the Strategic View should always be viewed as enablers to your organization's end-to-end business processes (inputs, transformations, outputs) that exist for the sole purpose of achieving your organization's mission and achieving its goals and objectives. The "tail" of enabling structures and systems should never wag the "dog" of your organization's responsibility to get the results you want and to carry out your organization's *implicit contract* with the external environment.[3]

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Execution

This section of the Organizational Alignment Indicator™ (OAI™) evaluates the degree to which your organization is likely to succeed in achieving its mission and carrying out and implementing its goals and objectives as described in the previous section of the report by the Strategic View.[4]
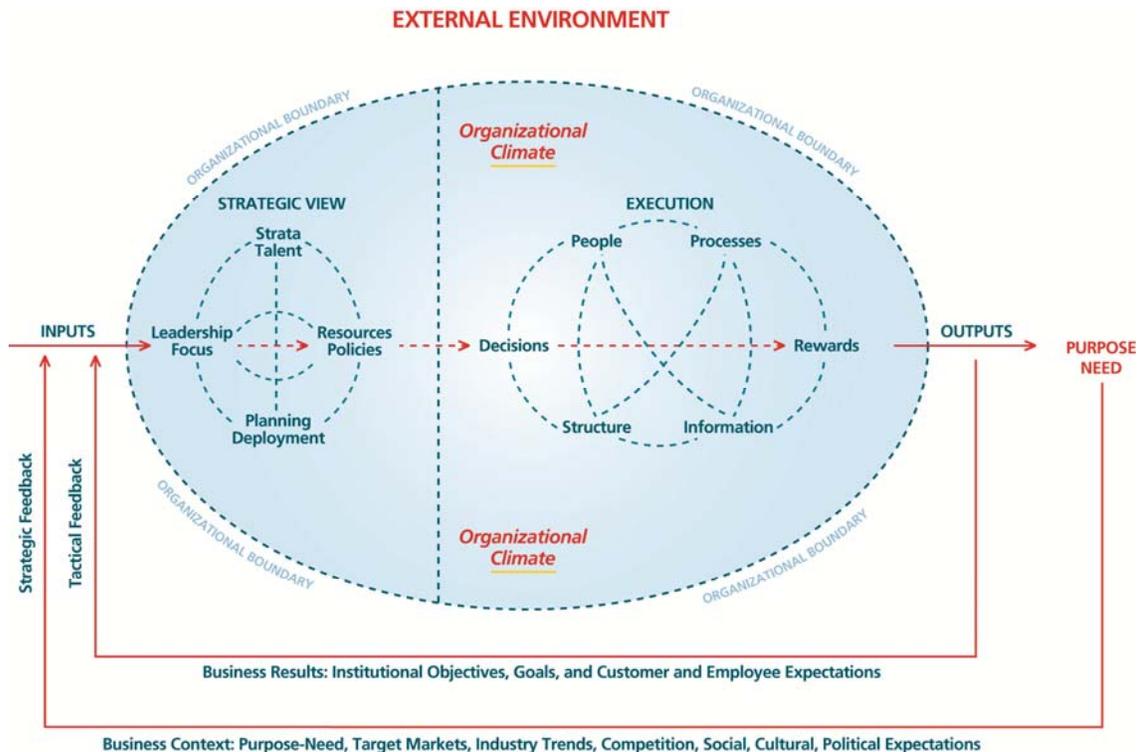
The six perspectives of Execution are shown on the right side of the Open Systems diagram above and include: Decisions, Rewards, Structure, People, Processes, and Information. The data for *Decisions* and *Rewards* described below are a sub-set of these key perspectives that are key indicators of the degree to which your organization is aligned to get the results you want.

Decisions and Rewards

When interpreting the data on the charts below, look for: a) high scores which indicate that an item is probably helping your organization to achieve its desired results, and b) the degree of alignment (consensus) between the scores of populations on the bar graph and the chart below the bar graph. Similarities and differences between scores are an indication of the degree to which the organization has consensus between top managers and other populations in the areas covered by the questions. When the scores of top managers and another population differ by less than 15 percent, they appear in green which indicates that top managers and other populations see these issues in much the same way (see chart below). When the difference between the scores of top managers and other populations is between 15 and 30 percent, that number appears in yellow signifying that there is a moderate misalignment between that population and top managers in terms of how they see these issues. When the difference between the scores of top managers and other populations is more than 30 percent, that number appears in red and signifies that there is a significant misalignment between that population and top managers in terms of how they see these issues. Misalignments and a lack of consensus are also indicators of squandered time and energy – resources that become unavailable to achieve the organization's goals and objectives.

Decisions

5 - Managers require that the day-to-day, week-to-week, month-to-month operations of departments are directed by strategic goals, operating plans, and budgets.

6 - Managers demand that key decisions actually get implemented and produce results.

Rewards

7 - Managers insist that the things that people in authority pay attention to (care about) reinforce the desired behaviors.

8 - Managers require that the criteria by which people get rewarded, promoted, and are given status in this organization reinforce the desired behaviors.
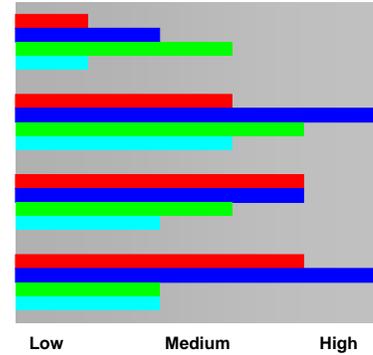
	5	6	7	8
Top Managers	80.0	20.0	20.0	40.0
Middle Managers	80.0	80.0	30.0	50.0
Supervisors	80.0	80.0	20.0	30.0
Staff	80.0	60.0	10.0	40.0

The data on the charts below is an indication of the degree to which your organization has consensus between top managers and work-groups in these two areas. When the scores of top managers and a work-group differ by less than 15 percent, they appear in green which indicates that top managers and that work-group see these issues in much the same way (see chart below).

|	5	6	7	8
Top Managers	80.0	20.0	20.0	40.0
Administration	80.0	40.0	30.0	60.0
Finance	60.0	80.0	30.0	30.0
Marketing	80.0	60.0	10.0	40.0

When the difference between the scores of top managers and a work-group is between 15 and 30 percent, that number appears in yellow signifying that there is a moderate misalignment between that work-group and top managers in terms of how they see these issues. When the difference between the scores of top managers and a work-group differ by more than 30 percent, that number appears in red and signifies that there is a significant misalignment between that work-group and top managers in terms of how they see these issues. Misalignments and a lack of consensus are also indicators of squandered time and energy – resources that become unavailable to achieve the organization's goals and objectives.

Related Structures and Systems

All six perspectives of Execution shown on the right side of the Open Systems diagram above are needed for your organization to operate in an effective and sustainable way. This includes: Decisions, Rewards, Structure, People, Processes, and Information.[5] But the scale and complexity of these structures and systems should be "mapped" to the size of your organization, the scale and complexity of your end-to-end business processes, and should exist for the *sole purpose* of achieving your organization's desired results; e.g., they have no purpose in and of themselves, apart from the overall configuration of your organization's structures, systems, and culture. The six perspectives of the Execution should always be viewed as enablers to your organization's end-to-end business processes (inputs, transformations, outputs) that exist for the sole purpose of achieving your organization's mission and achieving its goals and objectives. The "tail" of enabling structures and systems should never wag the "dog" of your organization's responsibility to get the results you want and to carry out your organization's *implicit contract* with the external environment.[6]

Organizational Climate

This section of the Organizational Alignment Indicator™ (OAI™) evaluates the nature and characteristics of your organization's climate; e.g., the "atmosphere" within which the Strategic View and Execution exists, and the day-to-day reality and experience of what it's like to work in your organization.[7]
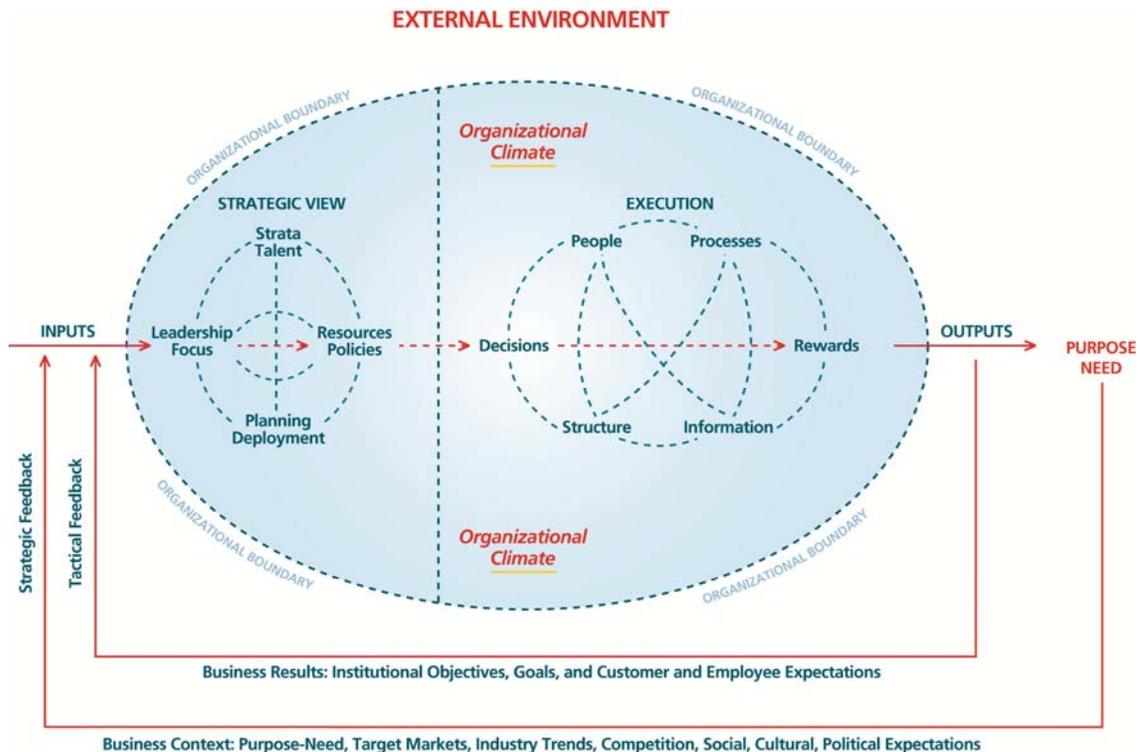
The six perspectives of Organizational Climate that are indicated by the shading within the Open Systems diagram above include: Just Culture, Management Philosophy, Constructive Conflict, Openness to Change, Tradition, and Creativity. The data for *Just Culture* and *Management Philosophy* that are described below are a sub-set of these key perspectives that are key indicators of the degree to which your organization is aligned to get the results you want.

Just Culture

When interpreting the data on the charts below, look for: a) high scores which indicate that an item is probably helping your organization to achieve its desired results, and b) the degree of alignment (consensus) between the scores of populations on the bar graph and the chart below the bar graph. Similarities and differences between scores are an indication of the degree to which the organization has consensus between top managers and other populations in the areas covered by the questions. When the scores of top managers and another population differ by less than 15 percent, they appear in green which indicates that top managers and other populations see these issues in much the same way (see chart below). When the difference between the scores of top managers and other populations is between 15 and 30 percent, that number appears in yellow signifying that there is a moderate misalignment between that population and top managers in terms of how they see these issues. When the difference between the scores of top managers and other populations is more than 30 percent, that number appears in red and signifies that there is a significant misalignment between that population and top managers in terms of how they see these issues. Misalignments and a lack of consensus are also indicators of squandered time and energy – resources that become unavailable to achieve the organization's goals and objectives.

Just Culture

9 - Managers demand that there's no gap between the formal (written) rules for how things get done in this organization, and the informal (unwritten) rules for how things "really" get done.

10 - Managers insist that people are not blamed for performance problems that are caused by the organization's structures, systems, and culture.

Management Philosophy

11 - Managers require people to do what's in the best interest of the organization, rather than what's in their own best interest.

12 - Managers insist that people whose performance does not meet expectations are removed from their role in their work-group.

Low   Medium   High
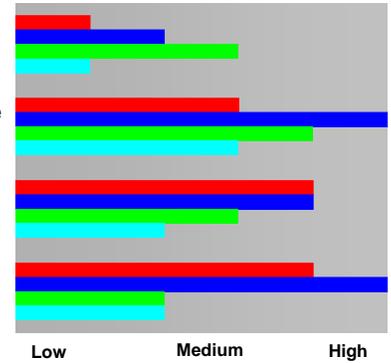
	9	10	11	12
Top Managers	60.0	20.0	30.0	80.0
Middle Managers	40.0	30.0	20.0	100.0
Supervisors	50.0	10.0	10.0	80.0
Staff	90.0	20.0	20.0	60.0

The data on the charts below is an indication of the degree to which your organization has consensus between top managers and work-groups in these two areas. When the scores of top managers and a work-group differ by less than 15 percent, they appear in green which indicates that top managers and that work-group see these issues in much the same way (see chart below).

	9	10	11	12
Top Managers	60.0	20.0	30.0	80.0
Administration	60.0	30.0	40.0	90.0
Finance	50.0	40.0	20.0	70.0
Marketing	90.0	20.0	20.0	60.0

When the difference between the scores of top managers and a work-group is between 15 and 30 percent, that number appears in yellow signifying that there is a moderate misalignment between that work-group and top managers in terms of how they see these issues. When the difference between the scores of top managers and a work-group differ by more than 30 percent, that number appears in red and signifies that there is a significant misalignment between that work-group and top managers in terms of how they see these issues. Misalignments and a lack of consensus are also indicators of squandered time and energy – resources that become unavailable to achieve the organization's goals and objectives.

Related Structures and Systems

All six perspectives of Organizational Climate that are indicated by the shading within the Open Systems diagram above are needed for your organization to operate in an effective and sustainable way. This includes: Just Culture, Management Philosophy, Constructive Conflict, Openness to Change, Tradition, and Creativity.[8] But the characteristics of these key elements should be "mapped" to the size of your organization, the scale and complexity of your end-to-end business processes, and should exist for the *sole purpose* of achieving your organization's desired results; e.g., they have no purpose in and of themselves, apart from the overall configuration of your organization's structures, systems, and culture. The six perspectives of Organizational Climate should always be viewed as enablers to your organization's end-to-end business processes (inputs, transformations, outputs) that exist for the sole purpose of achieving your organization's mission and making its performance sustainable. The "tail" of these enabling elements should never wag the "dog" of your organization's responsibility to get the results you want and to carry out your organization's *implicit contract* with the external environment.[9]

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Financial Impact

This section of the Organizational Alignment Indicator™ (OAI™) evaluates the degree to which your organization's alignment (or misalignment) is having a long-term financial impact on your organization's day-to-day performance, and preventing you from getting the results you want.[10]

Squandered Organizational Energy

The data shown on the chart below indicates the amount of dollars in cost inefficiencies that ineffective work processes are causing by population in the organization for the current year and two subsequent years should these issues remain unresolved. As part of the OAI™ assessment question set, participants were asked to indicate how many hours per day they spend on work-process-related inefficiencies (for example, rework, poor or inconsistent quality and service, work-arounds, timeliness, downtime, etc.).[11]

Squandered Organizational Energy							
Population	FTE $/Hr	Hrs/Day	# of Emp	Lost $/Yr 1	Lost $/Yr 2	Lost $/Yr 3	Total
Top Managers	$125	0.50	1	$12,500	$12,500	$12,500	$37,500
Middle Managers	$94	0.75	5	$70,500	$70,500	$70,500	$211,500
Supervisors	$75	1.00	10	$150,000	$150,000	$150,000	$450,000
Staff	$47	1.00	30	$282,000	$282,000	$282,000	$846,000
Total			46	$515,000	$515,000	$515,000	$1,545,000

Most managers and staff members experience squandered organizational energy as a day-to-day struggle against the flow of overly complex systems that act like an *invisible force* that undermines their attempts to effect positive change. Their instincts tell them that the organization's structures, systems, and culture are preventing them from getting the results they want and squandering their time and energy, but "culture" has remained one of the least understood aspects of organizational life. Research conducted by the Breckenridge Institute® has shown how the misalignment of an organization's structures, systems, and culture can act like an Invisible Bureaucracy™ that frustrates and undermines the performance of work-groups and your entire organization.[12]

Squandered Psychological Energy

The data shown on the chart below indicates the amount of dollars in cost inefficiencies that ineffective communication and destructive conflict are causing in the organization for the current year and two subsequent years should these issues remain unresolved. As part of the OAI™ assessment question set, participants were asked to indicate how many hours per day they spend on interpersonal conflict (for example, poor or ineffective communication, exchanges of negative energy, people frustrating or undermining positive change, fear of retribution, power struggles between managers and coworkers).

Squandered Psychological Energy							
Population	FTE $/Hr	Hrs/Day	# of Emp	Lost $/Yr 1	Lost $/Yr 2	Lost $/Yr 3	Total
Top Managers	$125	0.50	1	$12,500	$12,500	$12,500	$37,500
Middle Managers	$94	0.75	5	$70,500	$70,500	$70,500	$211,500
Supervisors	$75	0.75	10	$112,500	$112,500	$112,500	$337,500
Staff	$47	1.00	30	$282,000	$282,000	$282,000	$846,000
Total			46	$477,500	$477,500	$477,500	$1,432,500

Most managers and staff members experience squandered psychological energy as destructive conflict between work-groups headed by "Border Guards" who: a) have conflicting or competing interests and ways of working, b) create sub-cultures that are misaligned with (or in opposition to) each other and the organization's overall direction, and c) seal-off their work-group from effective interaction with the overall organization. This destructive conflict optimizes the power position and performance of one work-group, and sub-optimizes the performance and effectiveness of other work-groups and the overall organization. In addition to the financial impact shown on the chart above, there are a number of other negative effects of destructive conflict. For example, decision-making is often ineffective because people fear retribution and blame. In addition, destructive conflict decreases the morale and self-confidence of managers and staff members and truncates the personal, professional, and social competencies needed to operate a high-performing organization.

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Time Spent in Ineffective Meetings

The data shown on the chart below indicates the amount of dollars in time managers and staff members spend in ineffective meetings by population for the current year and two subsequent years should this issue remain unresolved. As part of the OAI™ assessment question set, participants were asked to indicate how many hours per day they spend in meetings that are ineffective; e.g., meetings that are not action-oriented and do not result in task assignments, due dates, milestones, deliverables, and follow-up.

Squandered Time and Energy						
Population	FTE $/Hr	Hrs/Day	# of Emp	Lost $/Yr 1	Lost $/Yr 2	Lost $/Yr 3	Total
Top Managers	$125	2.00	1	$50,000	$50,000	$50,000	**$150,000**
Middle Managers	$94	2.00	5	$188,000	$188,000	$188,000	**$564,000**
Supervisors	$75	1.00	10	$150,000	$150,000	$150,000	**$450,000**
Staff	$47	0.50	30	$141,000	$141,000	$141,000	**$423,000**
Total			**46**	**$529,000**	**$529,000**	**$529,000**	**$1,587,000**

Most managers and staff members experience ineffective meetings as lacking a bias toward action, not producing practical solutions to real business problems (issues get "studied to death"), and not resulting in task assignments, due dates, milestones, deliverables, and follow-up. Meetings are ineffective when managers lack an effective method for reaching consensus on important issues, and they fail to use fact-based decision-making with quantitative data and scientific analytics, rather than just business experience and intuition. Meetings are often most ineffective when the amount of squandered time and energy is high in combination with a high (ineffective) score on Decisions and Just Culture.

Total Three-Year Impact

The data shown below is the total three-year financial impact of squandered organizational energy, squandered psychological energy, and ineffective meetings. These items are commonly called "hidden" costs because they do not directly show up in traditional financial accounting systems like budget statements or balance sheets. Data and research show that over 85% of these cost inefficiencies are in the organizational structures, systems, and culture within which work-groups are embedded and can be as high as 30% of the total cost of doing business.[13]

It's important to note that organizational energy, psychological energy, and time wasted in ineffective meetings are some of the most valuable resources the organization has. When used ineffectively, the time and energy shown on the graphs above are unavailable to help the organization fulfill its purpose and achieve its goals and objectives. The chart below shows the overall 3-year financial impact of both squandered organizational energy and squandered psychological energy.

Total 3-Year Financial Impact	
Organizational Energy	$1,545,000
Psychological Energy	$1,432,500
Time and Energy	$1,587,000
Total	**$4,564,500**

Given the fact that these ineffective structures, systems and patterns of interaction tend to be habitual and on autopilot, it is unlikely that this negative financial impact can be mitigated without a sustained commitment of time and resources to corrective action on the part of management. In fact, studies have shown that it takes between 18 months to two years per organizational level to create deep, sustainable change, and requires *discipline*, *rigor*, and *perseverance* on the part of management at all organizational levels.

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End Notes and Resources

[1] For a more detailed discussion of the Strategic View see, Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009), p. 111 ff.

[2] For a more detailed discussion on the Strategic View, see , Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009), p. 111.

[3] For a discussion of the notion of organizations having an *implicit contract* with the external environment, see Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009), p. 21.

[4] For a more detailed discussion on Execution see, Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009), p. 117 ff.

[5] For a more detailed discussion on Execution, see Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009), p. 117.

[6] For a discussion of the notion of organizations having an *implicit contract* with the external environment, see Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009), p. 21.

[7] For a more detailed discussion of Organizational Climate see, Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009), p. 124 ff.

[8] For a more detailed discussion on Organizational Climate, see , Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009), p. 124.

[9] For a discussion of the notion of organizations having an *implicit contract* with the external environment, see Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009), p. 21.

[10] For a more detailed discussion on the financial impact of misalignment on your organization see, Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009), pp. 166-178.

[11] This is based on the assumption that a senior manager's fully loaded salary is $200,000 per year, a line manager's fully loaded salary is $150,000 per year, a supervisor's fully loaded salary is $120,000, and a staff member's fully loaded is $75,000. More specifically, we are assuming eight hours/day and five days/week, with 200 days/year worked = 1,600 hours/year with the following fully-loaded dollar-per-hour rates: a) top managers = $125/hr, b) middle managers = $94/hr, c) supervisors = $75/hr, and d) staff = $47/hr.

[12] For a more detailed discussion on how Invisible Bureaucracy™ can negatively impact your organization's performance see, Mark Bodnarczuk, *Making Invisible Bureaucracy Visible: A Guide to Assessing and Changing Organizational Culture*, (Boulder, CO: Breckenridge Press, 2009).

[13] For a more complete discussion on hidden costs in the structures, system, and culture see, J.M. Juran (ed.), *Quality Control Handbook*, 3rd Edition, (New York: McGraw-Hill Book Company, 1979), p. 5-1 ff.