

## **Building FAD into Your Business: Alignment**

Successful companies build FAD (Focus, Alignment, Discipline) into their businesses. Another article explains the derivation of FAD. In this article we will discuss Alignment in greater detail.

**Alignment:** Complimenting the focus of the business is the alignment of the strategies, resources and incentives. Let's assume that you have a limited number of initiatives. Are your resources (people, equipment, technology) aligned to accomplish them? One way to align your leadership team on your business strategies is to define how your company competes. Michael Treacy wrote a book years ago which defined three basic strategies to complete: Customer Intimacy, Product Leadership and Operational Excellence. Has your leadership team defined the company's winning strategy by becoming more intimate with customers, introducing differentiated products or becoming easier to do business with? Without this strategic alignment, you cannot execute effectively.

Connected to the alignment in strategy is the alignment of resources. Is it explicitly understood what each member of the leadership team is expected to complete and when? Are they competing for similar resources? Too often we find that the leadership team has not defined who is going to accomplish what, when and with which resources. Without explicit goals and aligned resources, you cannot execute.

Linking incentives to the strategies and resources is another proven way to improve execution. This means that once goals are set, there is a defined and tangible reward system in place so that each team member can 'touch' what he or she will receive if and when they accomplish their goals. Too often these incentive systems are 'discretionary' which really fails to motivate and create an incentive for individuals to perform.

As you think about your company, is your team really aligned on what needs to be accomplished this year? Do you have the necessary resources to accomplish your goals? Are the incentives quantitatively defined for all team members? Companies with these traits have proven to execute better than their peers and grow more efficiently. Unfortunately, many CEOs think they are aligned when in fact they really aren't.

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