# 7 Ways your business is being negatively affected by misalignment between strategy and operations

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1. **Your company is losing money** – your business is probably spending money on some products, roles, business units and projects that do not necessarily contribute to the strategy. When Steve Jobs rejoined Apple after his forced exile, Apple were a couple of days away from bankruptcy. His first approach was simple firstly to define Apples strategy/mission which was ***"We sell consumer products and professionally oriented products and we need a desktop offering and a portable offering in each of the two categories".*** He then closed all the R&D areas for products that were not aligned to the strategy (redundant roles were terminated; R&D budgets were cut or moved from terminated products to the ones that were aligned to strategy).
   And the result….well….

| | **Apple Consumer products** | **Apple professional products** |
|---|---|---|
| **Desktop offering** | iMac, Mac mini | Mac Pro |
| **Portable offering** | Macbook Air, iPhone, iPod and iPad | Macbook Pro, iPhone and iPad |

   **Apple has a Market Capitalisation of more than US$500 billion and Cash on Balance Sheet of about US$100 billion.*
2. **Lack of focus** – when operations are not tightly aligned to strategy there is a risk that different departments or business units will start doing their own thing and miss out on potential synergies that could be realised by alignment. An example is a financial institution whose strategic objective is to move its consumers from physical cash channels to electronic ones such as card, internet and cell phone banking. The challenge it faces is that it has two different business units one for electronic channels and another for cash. The efforts in the cash business unit are on how they can optimise the management of cash (which means a lot of money is being invested into initiatives that manage cash). This I believe contradicts the strategic objective of the organisation as a whole and is resulting in capital being invested in a channel that the organisation wants to get rid of. The cash business unit could benefit from working closely with the electronic channel by gaining access to trends in the electronic channels which can guide their investments to maybe focus on short term initiatives (which are less costly in the long run) rather than huge amount of investments in a dying channel. The electronic channel could also benefit from the cash business unit by understanding why some customers are still using cash and therefore provide insight on how to market its channels to them.
3. **Duplication of effort** – misalignment between strategy and operations almost always results in duplication of effort. The most common instances are when two or more staff members conduct identical activities but have different job titles or two different projects on the go that result in the same outcome. An Example is when support staff in the IT department and product support staff of online banking end up providing the same support because the product is closely linked to IT.
4. **Opportunity cost** – every project undertaken which is not aligned to strategy means another project aligned to strategy is foregone.

5. **Measuring the wrong activities** – if the operational activities are not aligned to strategy it is very likely that departments/business units and staff are being measured on their contribution to wrong activities.
6. **Incentivising staff and departments to perform the wrong activities** – following up on point number 5; if the metrics used to measure their performance are wrong it means they are also being incentivised to perform highly on these wrong activities. This is because the business unit or staff members' bonuses and increases are tied to their performance metrics which are base on the wrong activities.
7. **Unmotivated staff** – it can be safely assumed that by the mere fact that there is misalignment between strategy and operations; the strategy is either, not being communicated or not communicated clearly. This means some of the staff members are just working on activities and tasks but are unsure of how their work contributes to the overall strategy. This has potential to rob staff of a sense of doing purposeful or meaningful work which can result in staff being unmotivated and not taking any pride in their work.

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