
Can Your Organizational Structure Support Your Firm's Strategies?

by Frank Kimball

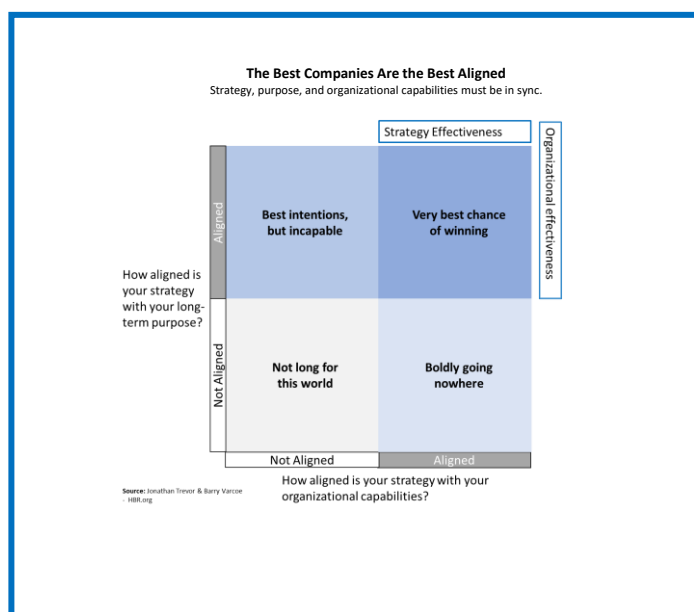
There is currently an immense focus in the Registered Investment Advisor space on building strategies to move organizations forward. Firms are working on planning both organic and inorganic growth. Less emphasis has been given to ensure the organizational structure is aligned to support the new strategy. Strategy is “what we do and why we do it”, yet alignment is “what we need to do to be successful”. In the book, Jim Collins and Jerry Porras point out “Building a visionary company requires 1% vision and 99% alignment”. Ultimately, the perfect execution of the strategy will drive the success of your company. This is particularly true in small businesses where resources are tighter.

The failure to ensure growth strategies are aligned with the organizational structure can be detrimental to the economics of your firm. This scenario may create unnecessary reputational risk. Examples of impacts include

- 1) Negative experience for your client
- 2) Less client referrals of new business
- 3) Poor employee experiences
- 4) Reduced operational efficiencies

These impacts are correlated. Not delivering on your promise to your client can significantly impact a trusted relationship, put loyalty at risk, and result in potential attrition. It also makes one less likely to refer new business to you. Additionally, should a client be dissatisfied, the frontline employee must try to resolve the issue caused by misalignment. The usual solution is manual intervention using exception processing. These activities impact efficiencies of the operation which creates downstream issues and potentially more unhappy clients.

Jonathan Trevor and Barry Varcoe developed a matrix which was published in the *Harvard Business Review*. The matrix creates a great pictorial of how alignment effects your business. Take the time to see where your firm sits in this matrix. If your firm is not in the upper right-hand quadrant, look at your strategy and organizational capabilities and develop a plan to move to the upper right. It is important to invest the time and money now. If you don't have the time, hire a professional to help you through the process to gain alignment. Rowing hard is a waste of time and energy if you are rowing in the wrong direction. Put your firm in the right direction.



Frank Kimball
978-886-3368
Frank.Kimball@KismetAdvisory.com