

## Case study: Data Analytics Co. Uncovers Cultural Misalignment

### Worlds Colliding

The CEO of Data Analytics Co. (DAC) was concerned; his board had prescribed an aggressive transition from hardware to SaaS, to keep pace with the fast-paced industry of data analytics for industrial transportation. But shifting DAC’s culture was proving to be much more difficult than the technology itself. Creating a SaaS platform for selling generalized solutions was challenging but the company had very smart engineers and brought in a world class expert for heading up product management. However, culturally, the new strategy was a ‘world apart’ from DAC’s history of configuring custom hardware and software that met exacting client specifications. With stock down 40%, attrition up 30%, and having missed earnings the past two quarters, the CEO turned to Business Ingenuity for help.

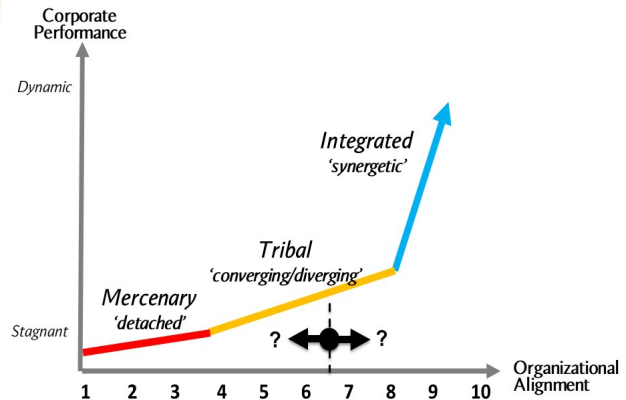
### The Diagnosis

Business Ingenuity recommended administering its Strategic Alignment survey to measure organizational *resilience and adaptability* – the two cultural traits DAC needed for competing now and into the future. Based on survey results, targeted interviews would be conducted, leading to a roadmap for improving the situation.

The scores from DAC top management placed the company’s culture squarely in the ‘tribal’ zone’ in terms of alignment:

	RESILIENCE	ADAPTABILITY
STRATEGIC FRAMEWORK	65%	63%
INTEGRATION*	65%	61%

\*Effectiveness of Strategic Framework infusion into daily activity



‘Tribal’ cultures have more resilience and adaptability than ‘mercenary’ cultures because of the common ground that aligns people within a particular function or group (vs no connection at all). But tribes lack the essential *reach* that is needed to unite people into an integrated whole. That integration is what gets reflected in resilience and adaptability scores. And as the graph on the right suggests, as alignment improves, so does performance, as synergistic behavior becomes the norm.

**Profiling The Misalignment:**

In DACs case, the consolidated view of all survey questions, categorized by Location, Role, Function, and Tenure bears out the lack of alignment, as seen in the display below:



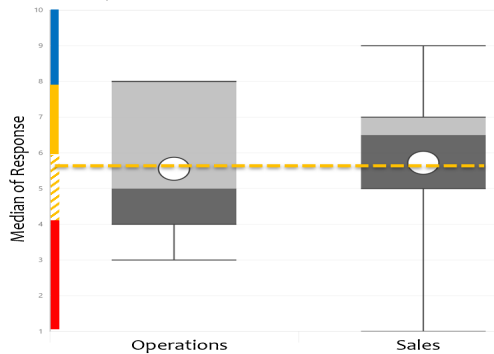
**Consolidated view of all survey responses**

**Synergetic:**  
when all scores  
fall within  
this range

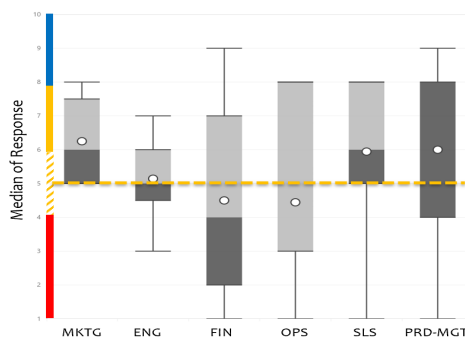
**Chaos:**  
When all scores  
fall within  
this range

On virtually every survey question, there are wide ranging scores – in many cases the range is 6 or greater (where 1 = ‘strongly disagree’, 10= ‘strongly agree’). This was brought out even more clearly in questions related to the company’s products and the way the company was operationally structured to deliver:

*“Judging by available feedback, customers are delighted with the products and services they've received from us.”*



*“The way our organization is structured to market, sell, and deliver, is well aligned with our objectives for value creation and delivery.”*



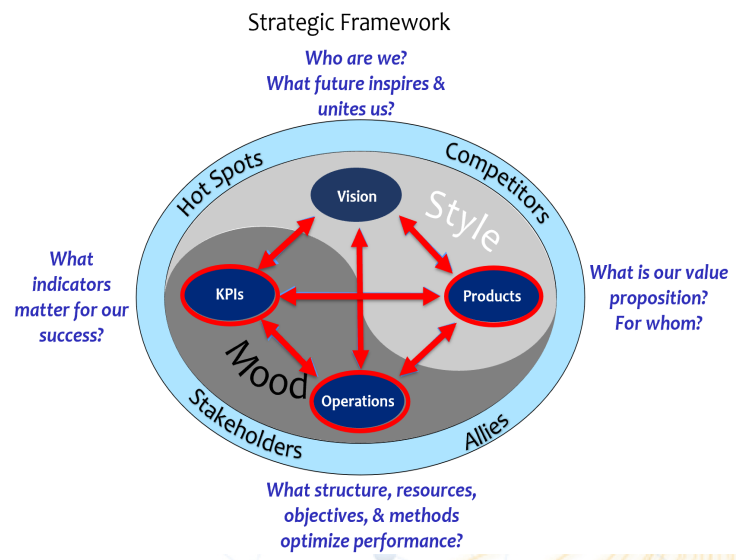
## Deeper Diagnosis

Follow-on interviews revealed that prior to embarking on a SaaS strategy, sales talked directly to engineering, to great effect – but now had to work through product management – formed to help drive SaaS. Logically this made sense, but as survey results show, sales and operations now viewed customers as “not delighted” (‘delight’ minimally requires median = 8 or above).

Interviews further revealed product management and engineering believed they had done everything right; the new platform only needed simple configuration to give customers what they were looking for. The problem, as they saw it, was that sales lacked the skills and resources for SaaS based software services. Sales and operations, on the other hand, believed the product was far from the seamlessness customers demanded; on-boarding, configuration, and billing were missing or too complicated when compared with competitive offerings.

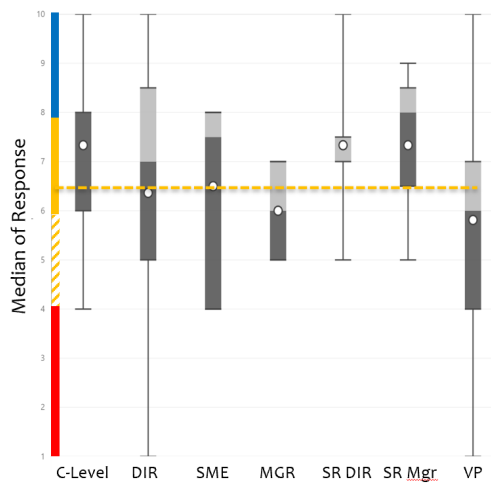
Business Ingenuity diagnosed the central issue as a **lack of alignment** in terms of DAC’s *Strategic Framework*. The survey brought out areas of ineffectiveness in three of the four elements of the Strategic Framework and how the elements aligned with one another.

As depicted in the graphic below, while the majority of the senior leadership team scored DAC's Vision favorably (median score of 8), the scores for Products, Operations, and KPIs, as well as the alignment between them indicated 'insufficient' (median score between 4-8) or in some cases, 'critically insufficient' (median scores less than 4).



A telling question that showed the degree of misalignment at the senior management level was the lack of confidence in SLT decisions.

*“The decisions we make in response to our overall market performance and profitability effectively prioritizes us and inspires confidence in our executive team.*





## The Remedy

After taking in the bad news, the CEO wanted to know what to focus on. Business Ingenuity recommended three initiatives:

1. Unify the Senior Leadership Team (SLT), using the questions asked by the Strategic Framework as a guide for crafting a new narrative. Charge the SLT with accountability for socializing and integrating the narrative into daily work. This first recommendation is intended to improve confidence within the SLT and with the Board, while creating a ripple effect throughout the organization.
2. Delineate an Operational Plan in terms of improving resilience and adaptability. Resilience had to be centered on improving alignment between sales, product management, product marketing, and operations – with help from finance. Adaptability required more focused benchmarking and better competitive analysis. Product Marketing had to take a lead role, with support from Product Management and Sales.
3. Establish specific new practices for shifting the style from ‘Get Stuff Done’ (i.e. “ignore what’s broken, just get the quarterly numbers”) to ‘Cultivate Excellence’ (i.e. “pull the cord on what isn’t working and let’s fix it together; celebrate and do more of what is working”). This was intended to shift the mood from fear to confidence.

## Conclusion:

DAC’s transition is a difficult one. They have fallen behind; their board is fully aware of the challenges and they are daunting. It’s too soon to tell if they will be successful. Perhaps their change in direction is too big a leap from where they are. Perhaps the vicious cycles that have crept into the organization cannot be counter-balanced soon enough by the recommendations BI put forward. But we and they are confident that resilience and adaptability are the key to their future – and they are doing the right stuff to improve both.