COREinternational's organizational effectiveness approach

Contents

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Introduction

COREinternational's principals, associates, and alliance partner (ProFitness Advisors) have strong educational backgrounds combined with years of management and consulting work. As a result, the organization's competence and experience base is second to none. The following pages provide an overview of how we bring our competence to bear on client initiatives requiring change or transformation to better align their accountability structure to strategic and operational plan requirements.

Our organization design model

We approach organizational effectiveness and design work as both a change initiative and a human system intervention. We bring change management expertise and experience as well as a strong background in systems theory and a solid understanding of the different properties of a human system such as

- Parts and interdependence—functions, departments, work groups and the boundaries around and between them as well as the relationships and dependencies between them.

- Integration/differentiation—the natural cycle of centralization/decentralization required to achieve strategic goals.

- Limited energy (which must be harnessed and focused) and the larger environment (open versus closed), which determines what a system can/can't do.

We use the following model, which is consistent with other frameworks such as the McKinsey 7 S model and the Galbraith Star model:
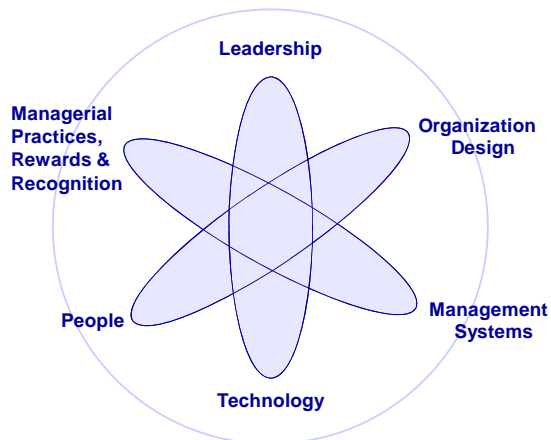
Each of the model's elements encompasses a number of principles that form a management system called Accountability-Based Management (ABM)—a set of principles based on Requisite Organization but also integrating other complementary learning and research. The primary goal of ABM is to have the right work taking place at the right level, in the right roles, staffed by the right people.

Following are descriptions of each of the model's elements with examples of any associated methodologies, techniques, and tools. For each element, we work with our clients to determine which items are of primary importance, collect and categorize current state data according to the defined categories, and provide feedback and recommendations. We believe that in order to achieve successful and appropriate change, you need to know where you are starting from.

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Leadership

This element is not about the people in managerial leadership roles or the style of leadership. Rather, it is what the organization has done/is doing to scan its environment in order to determine the organization's future vision, mission, strategic goals and priorities, values, operating principles, and major policies. Examples of methodologies and tools include:

- Document reviews of existing visioning and strategy work to determine what has been done, what is firm, and what additional work is required.

- A variety of ways to formulate an overall transformation plan, such as

  - visioning regarding organization design and process change.

  - using an *Open System Planning* approach that accounts for the needs and demands of key stakeholders.

  - in conjunction with an alliance partner (ProFitness Advisors), offering two unique tools:

    - *Innovation Energizer*, which provides learning and real-time practice with client-centred data in 10 powerful innovative thinking tools. This program is provided under licence by the Center for Creative Problem Solving in the USA.

    - A web-based assessment tool entitled *Situational Outlook*, which helps analyze an organization's innovation climate.

  When coupled with appropriate consulting support, these methodologies improve the organization's receptivity and capacity to innovate and collaborate—elements required for successful transformation.

Organization design

In this element, COREinternational brings research and proven principles in Accountability-Based Management. This framework deals with the detailed phase of organization design, namely, the layering and grouping of work, the distribution of accountability and authority down and across the organization, the need for centralization or decentralization, job design, span of control, cross-boundary role relationships, and business and management processes.

Related methodologies and tools include education and training in organization design principles, a reference book entitled *A is for Accountability*, a process and tools for achieving and documenting role clarity, and a web-based tool (*ProCarta*) for mapping, (re)designing, deploying, and continuously improving organizational business and management processes.

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Management systems

This element includes management systems that facilitate information processing, decision making, and communication. We examine how the organization collects information pertinent to effective planning and decision making and how information is disseminated and acted upon. We have a bank of best practices against which we are able to determine how well the client in question performs this work and to make recommendations for change.

In some cases we will take an in-depth look at how one or two key decisions were made, tracing them from start to finish—what created the need for the decision, how data was collected to inform the decision, the decision making process including who was involved and how (e.g. consensus, single role holder, etc.), the actions taken to advise people, and how effective and thorough the communication was. We apply our own framework related to levels of participation in decision making, as well as one based on the work of Paul Rogers and Marcia Blenko that offers an excellent diagnostic similar to (but more effective than) a RACI model.

Technology

This element includes the IT systems—their efficacy, dependability, modernity, flexibility, and ease of use. When necessary we collaborate with our alliance partner, ProFitness Advisors, whose strong technology background includes a well-defined methodology and tools for understanding and assessing an organization's IT capabilities.

People

This element includes role-person fit assessment, skills and capabilities gap analysis, a demographics review relative to diversity needs and issues, and location—where work currently takes place and where it will take place in the future.

Related methodologies and tools include managerial training on capability assessment and managerial leadership practices, web-based surveys, and a psychometric tool (*MPO*) for profiling roles and people to support effective selection to role. Given that knowledge management is a critical issue for many organizations, we can also apply the *ProCarta* tool to harvest and share individuals' knowledge.

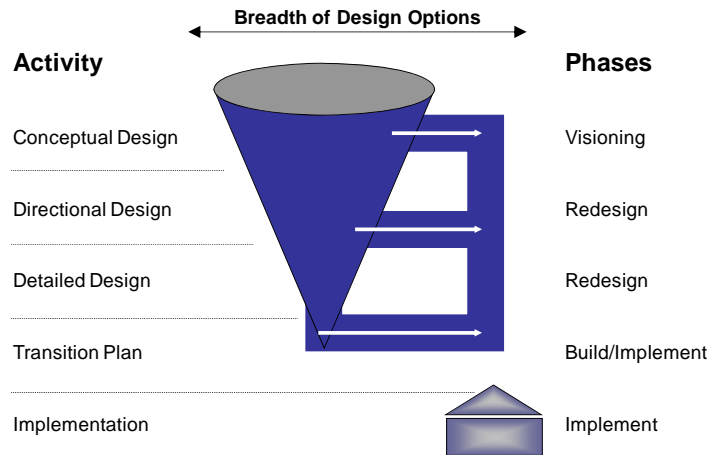## Managerial practices, rewards, and recognition

This element incorporates managerial practices and systems such as performance management, coaching and development, growth opportunities, talent pool development, succession planning, and compensation—the organization's extrinsic and intrinsic rewards and recognition. We assess how the design and application of these affects organizational performance and culture. Similar to management systems, we have a bank of best practices that enable benchmarking. Where appropriate and desired by the client, we often carry out a formal benchmarking effort, connecting with some best-in-class organizations to obtain specific answers about how others undertake things.

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We also have access to an organization survey entitled "*Meaningful Work Inventory*" (developed by an associate, Dr. Paul Fairlie) that provides objective and statistically significant data related to this organization design model element.

Our organization design approach

We believe there is no one right organization. Rather, given the organization's future vision, strategic priorities, and goals, some designs will be more appropriate than others. Sound organization design follows a staged methodology and applies well-researched and known principles.

Our approach begins with a broad strategic view of how the organization will function in future and concludes with a detailed structural alignment that can be effectively implemented through a top-down cascading process applying sound change management principles. The following diagram and narrative describe the process of exploring and synthesizing organizational designs to reach the stages of planning and implementation, as well as a brief outline of the implementation process.

Activity	Includes
Conceptual design—describes the new organization with a focus on internal and external interactions and relationships	• Identifying key themes for the design that support the organization's change vision. • Defining key relationships and integration points between the various parts of the organization and major processes in the re-engineered environment. • Identifying managerial leadership accountabilities for outputs and process management at appropriate levels.
Directional design—developing macro-level characteristics of the new organization	• In the context of vision and strategy, defining (or confirming) performance objectives for the re-engineered organization. • Identifying (or confirming) organization attributes that will support performance objectives. • Assessing alternative organization models, e.g. functional, geographical, process-centred, product, hybrid. • Identifying the various influences and constraints on organization design.

Activity	Includes
	• Assessing the levels of complexity (layers) in the work and the groupings required to minimize cost of coordination and ensure effective integration.
Detailed design—the finer details	• Detailed organization charts outlining vertical and horizontal role relationships, key process accountability, span of control, etc. • Definition of role accountabilities, authorities/decision rights, and key interfaces. • Definition of competency requirements for jobs. • Assessment of current workforce capability and knowledge/skills. • Mapping employees to roles. • Team development strategies (as applicable).
Implementation—a cascading flow of activities from the top to the first level of managerial leadership	• Establishing the right roles at each level. • Selecting the right candidates for roles. • Clarifying vertical and lateral role accountabilities. • Aligning work to business goals and objectives. • Undertaking required process improvement initiatives. • Installing or redesigning a balanced scorecard and supporting systems for monitoring performance. • Establishing individual performance contracts. • Building management teams. • Applying accountability-based principles. • Educating front-line employees and providing managerial practices training for all managers.

Design and implementation steps

We typically use the following approach:

- Partner with the project sponsor and connect with other designated team members.

- Clarify the project outcomes, timelines, any "givens", and develop a project plan with key dates, check-in schedule, and communication strategies and plan.

- Determine/adjust the design model to be used to evaluate current state processes, people, structure, and measurement/rewards, and determine any key performance indicators (KPIs) to be used to measure outcomes.

- Determine the data collection methods and questions to be answered regarding current state organization and processes.

- Identify and establish plans for appropriate stakeholder engagement.

- Provide education for senior managers in organization design principles.

- Facilitate senior management future state organization visioning—conceptual and directional design.

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- Collect data through document reviews and through interviewing designated roles about the strategic direction, current work structuring, and key business/ management processes and issues.

- Analyze the collected information and create a detailed report containing information about the current state, options for a future state detailed design, and any other recommendations arising from data collection. The future state recommendations will take into account desired success measures and will include

    - appropriate layering and clustering (grouping) of work.

    - recommendations for improvement of key processes.

    - high-level role purposes and accountabilities for (at least) the top 3 levels of the organization.

    - information to support selection of the right people to role.

- Provide feedback on the current state and future options to the accountable executive and subsequently the senior management team, and facilitate decision making to select the desired future state design.

- Collaborate in drafting an implementation plan, including change management activities.

- Provide support in communicating the results of the review to those involved in the process.

- Lead or collaborate on leading the activities involved in a cascading implementation process.

Key issues management

Inevitably we are asked by prospective clients how we deal with a number of key issues. Paramount to many organizations are the issues of communication, knowledge transfer, and effectiveness measurement.

Communication

- Communication (timing of messages, frequency, transparency, and appropriateness) is the key to successful change management. We therefore work with our clients to develop a clear communication strategy and tactical plan in advance of any major announcements. This plan not only provides a way for internal change leaders to describe the work they are doing, it also helps drive and support the outcomes of the proposed initiative—moving it from "we see it" to "we live it".

- The communications strategy involves

    - creating an identity (verbal and visual) for the initiative that connects to head and heart and culture—this will become a recognizable internal "brand."

    - developing key messages with all necessary linkages to mission, vision, and values, as well as to any other initiatives.

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- developing any legacy documents (communications pieces, manager-driven discussion guides, tools, etc.) in support of the initiative.

- We ensure appropriate communication through regular, frequent updates, supplemented by ad hoc announcements when information needs to be shared outside of the planned schedule. We push for transparency with truthful, frequent, and reliable information so senior management can establish a level of trust and reduce the fear that change may bring.

- A COREinternational communications expert can be provided. Usually, we request the assignment of one or more dedicated company communication resources who can help develop and execute the communication plan. Such resources would need to be able to work quickly to suggest and implement adjustments based on shifting circumstances and stakeholder feedback.

- We encourage the company to hold managers accountable for communicating with their employees, particularly during any major transformation. This is most effective if the company provides its managers with tools and supports to communicate effectively and measures them on how well they do so. COREinternational assists by providing appropriate tools, e.g. Q&A sheets or key point summary cards for presentations.

- Given today's advances in social networking, we recommend using tools such as *Boost* or *SpeechBobble*. These are inexpensive, easy to install and use, and help ensure the change conversation in the organization is vibrant, continuous, and is doing what it needs to do. These tools are also excellent for monitoring the level of understanding and acceptance and for getting real-time feedback from the employee population, as well as being cost-effective for dealing with any remote office locations.

Knowledge transfer

We believe that a consultant's role should be one of diminishing involvement as the client organization builds its skills and knowledge in the required areas of expertise.
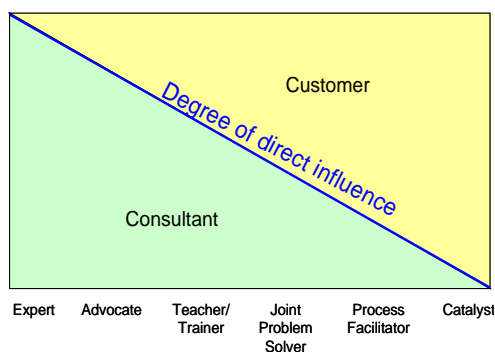
We achieve this through the principle of action learning, which means we help our clients learn by doing. We prefer to embark on organization change and organization design projects with a strong client sponsor on the project team, able to dedicate 50 to 75% of his/her time to the project. This sponsor is highly involved in all aspects of the project—planning, data collection, analysis, feedback, and implementation. At project completion, assuming the project sponsor has dedicated the required time, that role holder is then equipped to perform some organization review and design work, and to oversee the adoption of organizational processes that are consistent with effective organization design principles.

We further transfer knowledge as follows:

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- By engaging business leaders in doing work related to change and organization design in a way that is stimulating and useful. This ensures that business leaders acquire knowledge while also managing the business for which they are accountable.

- By engaging designated role holders as supporting (facilitator/coach) roles dedicated 100% to the project for a pre-determined timeframe. This acts as a development opportunity for those role holders while ensuring capability remains in the client organization at the end of the project.

In addition, we follow an "open book" approach where we believe in sharing our knowledge and educating our clients at every opportunity. We offer education sessions, and take advantage of meetings and interviews to provide information about change and organization design principles and the process we are using. We openly share our tools and processes, adapting them to meet client realities and transferring them to the client for continuing use.

If required, we also provide training sessions for groups of managers, or for Human Resources staff, in various aspects of change management, organization review, redesign, and implementation, as well as in managerial practices that are consistent with scientifically proven organization design principles.

Measuring effectiveness

The first step in measuring outcomes of an initiative is to work with the accountable executives to develop a view of the desired future state. We use a mix of methods appropriate to the environment such as visioning, industry benchmarking of best practices, surveying of customer and organizational/business requirements.

The second step is to establish the key performance indicators (KPIs) that are

- aligned to what is desired,

- appropriate to the system being measured, and

- focused on both effectiveness and efficiency.

We work with the overall accountable role holder(s) (e.g. CEO and executive team) to define the most important performance indicators for their business in light of the change or organization design initiatives. Such performance indicators can be described in quantitative or qualitative terms as in the following examples:

Quantitative KPIs

- Transaction efficiency ratio
- Productivity increase
- Customer satisfaction (usually several quantitative subsets)
- Employee engagement/meaningful work scores
- Revenue, earnings
- Cost savings
- Headcount increases or reductions

Qualitative KPIs

- Degree of role clarity
- Appropriateness of decision making
- Level of strategy execution
- Degree of managerial leadership effectiveness
- Level of innovation—product, process, management systems, new ways of doing business, etc.
- Quality of working life (including such things as balance)

We drive the team to consensus on the most important indicators of success and the initial priority of the KPIs.

The third step is to understand the organization's current capability in the KPI areas outlined. Our process here is to review existing documentation and interview key role holders using a set of interview questions that will surface the required quantitative and qualitative information. We may also choose to use survey methodology or other large group interventions, depending on the degree of stakeholder involvement required. We analyze the data collected to produce a report on the current state and the gaps between current and desired state.

Finally, we work with the executive team to ensure that the targeted outcomes are achievable and adjust the targets/priorities if required. The KPIs can then be used to guide any change plans or organization design decisions. If the organization has a scorecard, progress against quantitative measures can be tracked in this way. We occasionally work with our clients to build an effective balanced scorecard. For qualitative measures, further interviewing, surveying, and reporting is developed. In our experience, the assessment of success against defined KPIs is most effective when performed at least six months following the end of an organizational transformation, design, or implementation project.

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