Organization Realignment

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Collective Wisdom…Fresh Ideas

Organization & Change Management

We are all drawn to tangible, concrete ideas. Consequently we find that when we are considering organizational change, there is a strong temptation to start with the answers, drawing organizational boxes. There is an equally strong tendency to try to address only the problems that are voiced. But these expressed problems may simply be symptoms. Moreover, some voiced problems are not worth solving and as a consequence, when addressed, create more difficulties than those resolved. Some stated problems are also simply opinions that dissolve under closer examination.

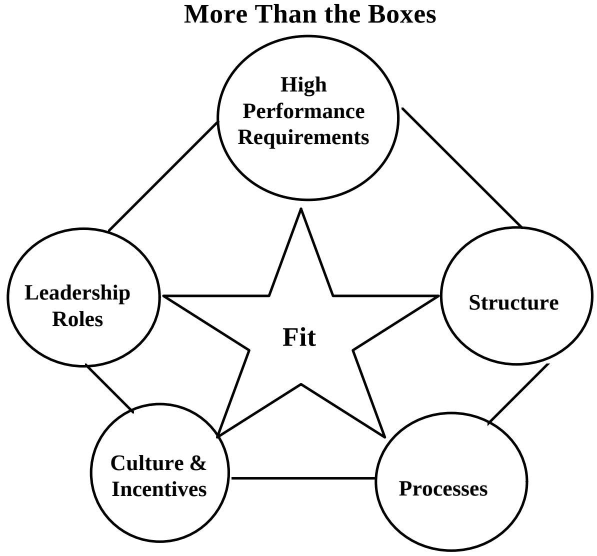
Instead, an executive group needs a disciplined, logical framework within which tangible and practical ideas about organization can be analyzed. Acting as a guide, a Berkeley consultant can lead the executive group through such a process. In this document, we provide our thinking about what we call organization realignment, and describe our basic process for making it happen.

A Solution Involves More Than Drawing Organizational Boxes

Although executives recognize that the solution to management and organizational issues within a firm goes beyond the drawing of organizational boxes, it warrants emphasis. The answer to making our organizations more effective also lies in clarifying roles and relationships and improving management processes and practices.

The effectiveness of any organization depends on how well roles are designed, how clearly and appropriately relationships are developed, and how well practices for planning, decision-making and communication are established.

ORGANIZATION REALIGNMENT
More Than the Boxes



People matter too. At the executive level, individuals must fit the leadership challenges of their roles. The fit between the leadership challenge and the person has a lot to do with how well the structure works in practice.

Incentives, both explicit and cultural, also influence whether a company demonstrates the capabilities to be a leader in their field.

Thus, roles and organization structure represent the framework for a solution, but processes and practices of planning decision-making, cultural cues to behaviour, and key leadership provide the wiring through which the electricity travels in a company. Each must be considered. All need to fit together effectively for success to be accomplished.

Start With the Requirements for Success, not Simply a List of Perceived Problems

Typically, executives start organizational reassessments by identifying perceived problems with, and inadequacies of, the current organizational arrangements. Such an approach has its limitations.

First, an organization ought to be geared to doing the important things well — the things that will create successful performance. These tasks need to be expressed in explicit and concrete terms.

The process of organizational review and improvement should be focused on positive aspirations instead of simply problem-fixing. For example, in some cases, executives have expressed concerns about decision-making bottlenecks and slowness in reacting to competitive product changes. In our approach, we focus their attention and ours on how to design the organization so that it creates, evaluates and launches new products fast and profitably. In other words, we turn a negative at a general level into a more concrete and positive challenge!

Address Future Requirements as Well as Present Ones

We must also look to the future and to emerging issues and requirements for the management structure. Managing a changing firm in a dynamic environment will continue to unearth new problems and issues for management and administration. We need to develop scenarios of future issues to determine whether the organization will successfully address these challenges.

Characteristics of High Performance can Provide a Starting Point

We have developed a starting point for defining the success requirements for an organization. We take the following five characteristics of high performance and working with the client customize this list for their business and operation.

1. **Focused on Performance of Key Results**
2. **Productivity**
3. **Responsiveness & Adaptiveness**
4. **Entrepreneurship**
5. **Teamwork & Communications**

These five characteristics are described in more detail in our outline "Creating & Sustaining a High Performance Organization". With the customized outline, we have a set of criteria for assessing the adequacy of the current organization from a new perspective — one that recognizes factors beyond the organizational boxes, and one that focuses on the key things that cause successful performance.

Recognizing the Leadership Profile of Key Roles

During an organizational review process, one needs to assume that there are no people constraints. There is a clean sheet in terms of people because we are developing an organizational blueprint that will create successful performance in the future. We develop an organizational blueprint on paper.

However, not all blueprints can easily be staffed in the short term. At the senior management level, individuals are critical. Hence, we develop a leadership profile for each key executive role. This aids us in assessing whether and to what extent the blueprint can be staffed. It provides a basis for helping the executives make judgements about how far they can go in achieving the blueprint and what sort of transitional trade-offs need to be made.

When a paper blueprint is not fully implementable in the short term, it often gets rejected. We believe that the right or the best organization plan on paper needs to be explicitly recognized as the blueprint for the future. However, the 'transitional' organization, the one that is implemented, needs to recognize the strengths and capabilities of the existing talent. What gets implemented in the short term should combine elements of what is appropriate on paper and aspects that recognize the people realities. Over time, most companies can then build towards their blueprint as opportunities arise.

A Logical Process for Organization Realignment

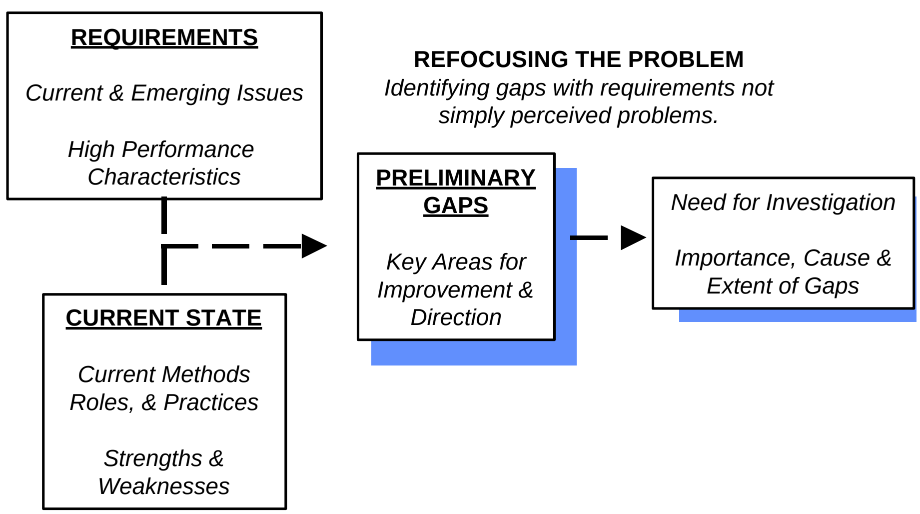
Here, we outline the basic framework for a process of organization realignment. There are obviously choices to be made about adapting and customizing this process for a specific client organization.

Step #1: Describing the Requirements & the Ideal for High Performance
Typically, we work with a senior management group to develop a preliminary set of high performance requirements or characteristics. At a series of working sessions, we cover the following topics.

- Reviewing expressed concerns, problems and shortcomings with the organization and assessing the implications for what characteristics are missing.
- Developing an appreciation for the current and emerging critical issues that need to be handled well in terms of business results, stakeholder satisfaction, and efficient operations. This leads to a clearer definition of the success requirements for the organization.
- Defining the characteristics and ingredients of high performance for this specific company and describing some tangible examples.
- Developing a preliminary set of gaps — areas where the requirements for high performance are not being met.
- Defining the importance of the gap, the extent of agreement that the gap truly exists, and the degree to which its cause is known. This provides the basis for determining what investigation and input are required in the next step.

Step #2: Development Input & Investigate Key Issues
In this step, we investigate the gaps to assess their existence, their importance and their causes. In this step, a broader group within the organization provides input and become involved. Clearly there are choices about the amount of input that is needed and desirable.

- Developing a valid description about the



current methods of dealing with key high performance issues.

- An assessment of the strengths and weaknesses of the current system in terms of meeting high performance requirements.
- Although this will include recognition of expressed problems, it is focused on comparing the current to the ideal. It essentially refocuses the thinking of the problem from what is going wrong, to what should be done right.
- A variety of input techniques are possible, such as personal interviews, focus groups and questionnaires. We favour structured discussion outlines for personal interviews.

Step #3: Designing a Structural Blueprint of Roles & Decision-Making Practices
Throughout this process, we work with an executive group. In this step, we focus on developing and discussing the best structure and role arrangements — our blueprint.

- Considering alternatives and developing a proposed blueprint concerning organizational roles, decision-making processes, and management practices.
- Simulating how example issues related to high performance developed above would be handled.

Step #4: Developing Organization Transitions Plan
We support the client in making judgements about how fast and far implementation should proceed. Those judgements are the client's to make. Our support, however, assists in this process.

- The blueprint will likely need to be adapted to develop pragmatic and implementable solutions. For a smooth transition, some testing of new approaches is often appropriate if the change is significant and if there is sensitivity about the change.
- Leadership profiles for key senior roles.
- Client assessment of degree to which the organizational blueprint can be implemented in the short term and organizational adjustments required.

Step #5: Implementation Requirements and Plan
The changes need be properly documented and decisions made about the sequencing of implementation steps, communications and methods of monitoring.

A Series of Meetings with a Task Force or Committee

We typically work with an internal management group throughout the process. The client may use an existing committee or form a task force of people specifically chosen to represent the required variety of internal perspectives. The specific timing and intensity of the sessions with the designated group need to be determined at the front end. We suggest establishing a series of structured milestones to practically expedite the process, and to enhance a sense of urgency and discipline.

Testing Conclusions with Appropriate Groups

Testing or consultation can be taken at a number of different points. There may be a need for testing with Board members and owners at key points if they are not involved directly.

We also suggest consultation and testing within the organization at other levels of management and senior staff. It is typically valuable to test conclusions after the blueprint is developed. However, testing can also occur after the transitional plan is developed. The testing process needs to be carefully designed to recognize the nature of the 'testing and consultation' question and the stage in the process.

Process Choices

Of course, this process can be customized for the client situation and needs. The following are significant choices.

- Membership and participation in the client steering group.
- Breadth and intensity of input and opinion gathering — this is partly a question of what needs to be investigated and partly a question of how broad a degree of participation one wants.
- Degree and timing of consultation — again, partly a question of getting good advice and partly a question of encouraging ownership and involvement.
- Timing — the length of time is in part influenced by the answers to the above questions. More involvement and input means more time. Likewise, it means a greater consulting budget. However, the timing essentially can run from between 6 and 16 weeks.

Consultant Directs the Process & Guides the Content

Our role is to lead the process, chair the meetings, and promote a systematic discussion process. To drive the process, we bring our analysis, conclusions, and options to the table. To play this role, we need to recognize the pragmatic realities of the business, culture and style of the organization.

Although we put forward proposals and advice as experts on organizational effectiveness and structure, the content conclusions are those of the client. Our challenge should be to guide the group through a process that makes the executive assess the issues and devise solutions from a pragmatic, objective and dispassionate perspective. The client executive must believe in, and take ownership of, the answers. We simply have found that this process and our support helps make that a more effective and successful answer.

Berkeley supports senior management to lead their organizations through strategic transitions to create the capacity for sustained successful performance. Supporting this mission, Berkeley's practice includes strategy development & planning, organization design, change management, outcome management, and leadership feedback and development.

Formed in 1986, Berkeley Consulting Group, a Canadian partnership, has a full time staff of 5 consultants and support staff in our Toronto office. The office supports our affiliate Berkeley Feedback & Development Inc. and its associate in London England and Berkeley's network of twelve consulting associates in Ontario.

Berkeley's philosophy and consulting approach is captured in the phrase, ***Collective Wisdom…Fresh Ideas***. Berkeley's core competence lies in its ability to bring seasoned associates together as a team, to use leading edge methods applied to the client's strategic challenges so that results are delivered with cost–effective use of consulting dollars and management time.

- Our consultants are knowledgeable and experienced in their industry or part of the public sector.
- Our teams are formed to fit the client's needs and not just to utilize available junior staff.
- We think about each project on its own merits and avoid simplistic black-box answers.
- We combine sound analysis and thinking with effective process to promote implementation.

To keep 'fresh' and broaden our network, Berkeley has linkages with other organizations. For over a decade, we have worked with the Rensselaerville Institute (TRI), a non-profit organization in New York that is a leading edge player in public sector results and outcome management. We also have close links with academic learning centres, since Berkeley's Managing Partner is an Adjunct Professor of Strategic Management at Schulich School of Business (York University).