The Seven Critical Steps of Effective Organizational Planning

HMWC GAB Session

James T. Stodd
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Why Do Organization Planning?
## Change Drivers: External Environment

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## Change Drivers: Internal Environment

### Strategic
- Market Diversification/Expansion
- Rapid Growth/Expansion
- Acquisitions, Mergers & Consolidations
- Spin-offs/Divestiture
- Executive/Leadership Development & Succession
- Comprehensive People Development/HR Planning
- Exit Strategy

### Organizational Performance
- Business Turnaround/Performance improvement
- Downsizing/Right-sizing
- Re-engineering of Business Processes & Systems
- Information System Planning & Selection
- Organizational Stagnation & Renewal
The Organization Planning Process

Organizational Planning Process

1. Purpose & Vision
2. Strategic Goals & Objectives
3. “Current State” Analysis
4. “Future State” Design
5. Implementation Planning
6. Change Management
7. Evaluation

The JTSA Organizational Planning & Change Process Model

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Purpose & Vision

➢ The hallmark of good leadership, first and foremost, is to establish, communicate and “sell” an overall sense of **Purpose & Vision** for the group or organization.

➢ **Purpose/Mission:**
   - **Who Are We?** (Values, Culture, Norms & Expectations)
   - **WHAT** is it that we do? (Products and/or Services)
   - **FOR WHOM** do we do it? (Market Space)
   - **WHY** should they choose us? (Value Proposition)

➢ **Vision:**
   - **WHO/WHAT** do we want to be?
   - **WHERE** are we going?
   - **WHAT** do we want to achieve?

Organizational Planning Process

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Strategy

Strategic Planning Objectives…

- Determine the path and the approach for attaining your… Vision!
- Determine what will be the strategic priorities and the best ways to achieve those priorities.
- Establish realistic goals and objectives (where the organization will be in 3 – 5 years with respect to markets, customers, product mix, financials) consistent with the established Purpose/Mission and Vision
- Facilitate shared understanding and commitment to the future vision, goals, objectives, and the path to get there.
- Provide a base (Measures/Metrics/SMART Goals) from which to measure progress as a mechanism for informed change.

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“Current State” Analysis

- Comprehensive review of organization structure and infrastructure

- Focus:
  - People (Structure/Roles/Relationships/Competencies)
  - Key Business Processes
  - Information Technology
  - Other “Critical” Resources (Assets, Tools, Facilities, etc.)...If Applicable!

- Methodology: structured interviews/document review/surveys

- Deliverables:
  - Functional Organization Charts
  - Organizational/Operational SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats)
  - Documentation/Presentation of “Current State” Findings and Near-term Recommendations

- Often best handled by expert, objective, 3rd party

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“Future State” Design

- Architectural rendition of the Organization Structure and Infrastructure necessary to support the Vision & Strategy
  - Phases sequenced to conform with Strategic Planning Horizon
  - Specify Organizational Requirements
    - Organization Structure
    - People Requirements/Culture
    - Key Business Processes
    - Technology & Tools
  - Drill-down to management/supervisory levels as required

- Perform "Gap" Analysis: Current State vs. Future State
- Identify changes required for “Bridging the Gap”
- Develop “high-level” Implementation/Transition Plans

Sample Functional Organization Chart

Smith & Jones, LLP
Attorneys at Law

Managing Partner

Senior Partner

Junior Partner

Attorneys

Law Clerk

Paralegal

Phone: 555-1234
Fax: 555-4321
Email: info@smithjones.com

Address: 123 Main Street, Anytown, USA
Notes:
1) No established/standard CRM system (despite fact that ACT is available to some) and client data maintained on private online or paper systems.
2) No central repository for client details, thus information on client interactions and discussions is not fully integrated or auditable. Critical information frequently falls through the cracks or requires sourcing back to person who had the contact.
3) Both physical and electronic notebooks and folders tend to be maintained inconsistently and frequently lack information critical to managing the relationship. Dealing with missing information is inefficient, requiring great "interdependency" and reactive communication patterns to acquire needed information and resolve issues.
4) Changes to jobs are normally entered on the Project Overview document using color codes to indicate contributor. Client changes are not subject to review or approval.
5) Project schedules are maintained on Excel spreadsheets and distributed to staff weekly, but are not updated for mid-week changes or work completed.
6) Time tracking is performed using the project time tracking system, but details are inconsistently and incorrectly recorded, leading to discrepancies in labor data.
7) Labor management reports are produced regularly but are not widely used in project management since data tends to be erroneous.
8) If the job experiences significant changes, the Account Executive can make changes to the original proposal (change in job scope) through the Supplemental Service Agreement. This requires issuance of a new "Wet Copy" proposal, changes in the Project Overview and Work Schedule, without changing the Job Number.
9) For Design projects, progress billing is performed on a monthly basis with client billed for reaching milestones (% completion) as well as any reimbursable expenses incurred in performing the work.

GAP Analysis: Examples
Integrated Leadership Team

Story A
Senior Management Organization Chart

Current State

- President & CEO
- Vice President Design
- Vice President Construction
- Vice President Manufacturing
- Director Human Resources
- Creative Manager
- Project Mgr
- Manager Installation
- Manager Automation/Control
- Manager Operations/OpSys
- Director Accounting
- Director Marketing
- Director Product Design & Development

Future State

- Integrated Leadership Team
- Integrated IT(ERP)
Organizational Planning Process

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Implementation Planning

**Given:**
- Future State Architecture
- High-level Implementation Plan (Phased in a manner consistent with Strategic Planning Horizon)

**Desired Outcomes**
- Detailed Implementation Plan
- Multiple Project Definition
- Discrete Detail (Activities, Assignments, Target Dates, Milestones)
- Leadership Roles (Change/Transition Management)
- Project Management Assignments & Accountability
- Obstacles, Challenges and Work-Arounds
Change Management

- “Change” Management vs. “Transition” Management
- Communication/Stakeholder Relations
- Coaching & Mentoring
- Project Management Office (PMO)/Interim Management
- Technology Selection/Integration
- Process Redesign
- Talent Search
- Performance/Reward Management
- Other Assistance as Required
**Organizational Planning Process**

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7. **Evaluation**

**Evaluation**

**Assess...**

- Progress on established Implementation Plans
- Progress on Strategic Goals & Objectives
- Need for Changes in Direction/Strategy
Coming Full-Circle!!!

The JTSA Organization Change Process Model

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Wrap-up!

✓ Not “Rocket Science”

✓ Practice Basic Business Fundamentals

✓ Execution: Keep it simple…Do it well!

✓ Refine with “Iterative Process”
**Bonus Materials**

Organizational Growth, Decline & Renewal

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**Change Drivers: Corporate Lifecycles**

- **Prime**
  - Adolescence
  - The Go-Go's
  - Infancy

- **Aging Aristocracy**
  - Decline

- **Death**

1 Take from Adizes, Ichak, Managing Corporate Lifecycles, 1999.
### Change Drivers: Corporate Lifecycles

#### Infancy (Basic Organization)
- Founder centered/Entrepreneurial
- Highly centralized
- Product/service-oriented
- Strong founder/leader commitment
- Autocratic/inflexible leadership
- Few systems, rules or policies
- Action-oriented/Crisis Management

#### The Go-Go’s (Functional Organization)
- Growth (sales) and results oriented
- Arrogant opportunism/Everything is a priority
- Organized around people, not functions
- Tendency to decentralize and expand
- Sales beyond ability to provide
- Insufficient cost controls
- Founder indispensable/wants to delegate, but reluctant to give up CONTROL

#### Adolescence (Emerging Strategic Phase)
- Company finds life apart from founder
- Love-hate relationship with founder
- Internal conflict and inconsistency
- Favoritism, factions, infighting
- Open conflict (perhaps revolution)

#### Prime (Mature Strategic Phase)
- Guided by purpose, vision & values
- Common focus and shared core values
- Controlled/nurtured creativity
- Employees & customers treated with care
- Grow & prosper peacefully & confidently
- Balanced growth in revenues & profits
- Predictable excellence
- Leadership, structures and reward systems reinforce desired behavior

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1 Take from Adizes, Ichak, Managing Corporate Lifecycles, 1999.
Change Drivers: Corporate Lifecycles

**Aging-Aristocracy (Arrogant, Non-adapting Organization)**
- Contentment/Complacency
- Diminished flexibility & creativity
- Maximize control & predictability
- Conservative, ritualistic & change resistant
- Power shifts from line to staff
- Authority doesn’t match responsibility
- Declining enthusiasm and commitment to vision & values

**Declining (Rigid-Dysfunctional Organization)**
- Increasing relative cost of overhead
- Decision-making by gamesmanship
- Revenues and profits begin spiral decline
- Creative talent leaves

**Death (Used to Be Organization)**
- Lack of resources to reward anyone for coming to work
- Bankruptcy, Chapter 11
- Sold off for the value of its “parts”

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**The “Seven Stages” of Organizational Life**

1. **Dreaming the Dream**
2. **Launching the Venture**
3. **Getting Organized**
4. **Making It**
5. **Becoming an Institution**
6. **Closing In**
7. **Dying**

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2. Taken from Bridges, William; Managing Transitions, (2nd Edition), pp. 77-89.
Change Drivers: Corporate Lifecycles

**Generally Need:**
- More Leadership Capability
- Defined Structure & Role Clarity
- Predictable Responsibility & Accountability
- Aligned Systems & Processes (Infrastructure)
- Teamwork & Cross-functional Integration

"Differentiation" vs. "Integration"

Concept of "Linking Pins"
Executive Team

Sales/Customer Ombudsmen

Product-line Champions

ERP

Change Drivers: Corporate Lifecycles

Generally Need:
- More Leadership Capability
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Prime

Generally Need:
- “Binding” Mission, Vision, Values & Strategy
- Less Management/Flatten Hierarchy
- Less Structure & Control (Empowerment)
- Entrepreneurial/Customer-Centric Culture
- Flexible Processes, Technology & Support Systems

Adolescence

Aging Aristocracy

The Go-Go’s

Decline

Infancy

Death

1 Take from Adizes, Ichak, Managing Corporate Lifecycles, 1999.
Organization Renewal

“Renewal comes about not by changing specific practices or cultural values, but by taking the organization back to the start of its life cycle”

1. Dreaming the Dream
2. Launching the Venture
3. Getting Organized
4. Making It
5. Becoming an Institution
6 (a). The Path of Renewal
6 (b). Closing In
7 (a). Beginning Anew
7 (b). Dying

Blanchard’s HPO SCORES Model

“A high performing organization demonstrates strength in each of these six elements…”

- **S** = Shared Information and Open Communication
- **C** = Compelling Vision
- **O** = Ongoing Learning
- **R** = Relentless Focus on Customer Results
- **E** = Energizing Systems and Structures
- **S** = Shared Power and High Involvement

*Note: Leadership is the Engine! In HPO’s the role of formal leadership is radically different from traditional organizations...shifting from privileged status and power for its own sake toward a more complex, participative, long-term process.*

Focusing on the “Right” Targets

Provider of Choice

Investment of Choice

Employer of Choice


Flipping the Organization “Upside-Down”

CUSTOMERS

RESPONSIBILITY

Customer Contact People

Supervisors

Middle Mgmt

Top Management

RESPONSIVENESS
Jim offers seasoned experience as an organizational planning consultant, change agent, and executive. He has assisted numerous clients develop the organizational architecture, structure, and infrastructure required to achieve their strategic visions and goals. In addition, he has assisted other organizations build strategically-focused and highly successful human resource management programs by introducing forward thinking approaches to people management issues.

During his career Jim has served as the Vice President of Human Resources for several leading healthcare organizations including BroMenn Healthcare (Bloomington, IL), Our Lady of the Lake Regional Medical Center (Baton Rouge, LA), and SCAN Health Plan (Long Beach, CA). He has also been associated with several leading consulting firms including Ernst & Young LLP, Hay Management Consultants, and First Transitions. Jim currently maintains an independent consulting practice under the umbrella of JT Stodd & Associates as well as serves as the Managing Director of First Transitions, Irvine. He has provided consulting services to a diverse mix of clients including those in the healthcare, manufacturing, technology, construction, professional services, petrochemical, finance, education and not-for-profit sectors.

In addition to his career as a management consultant, Jim also teaches classes in Organizational Planning, Change Management and Human Resource Management at the University of California-Irvine, and is a recipient of UCI’s “2010 Distinguished Instructor” award. Prior to that he served on the faculties of Roosevelt University, The Chicago Institute for Financial Management, Illinois State University and the University of Phoenix. His educational preparation includes a B.A. in Psychology from Saint Louis University and a M.S. in Industrial/Organizational Psychology from Illinois State University. He also completed extensive post-graduate work at the Industrial Relations Center of the University of Minnesota. Jim has earned lifetime certification as a “Senior Professional in Human Resources” (SPHR) awarded by the Human Resource Certification Institute.