

The Seven Critical Steps of Effective Organizational Planning

HMWC GAB Session

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February 15, 2011

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Why Do Organization Planning?

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Change Drivers: External Environment

- Market Dynamics
- Political/Legal
- Macro-Economy
- Societal
- Technology
- Demographics

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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

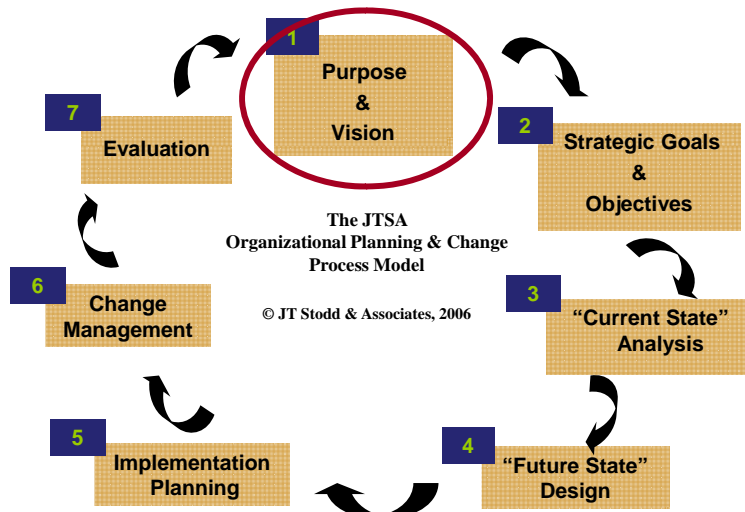
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The Organization Planning Process

Organizational Planning Process



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

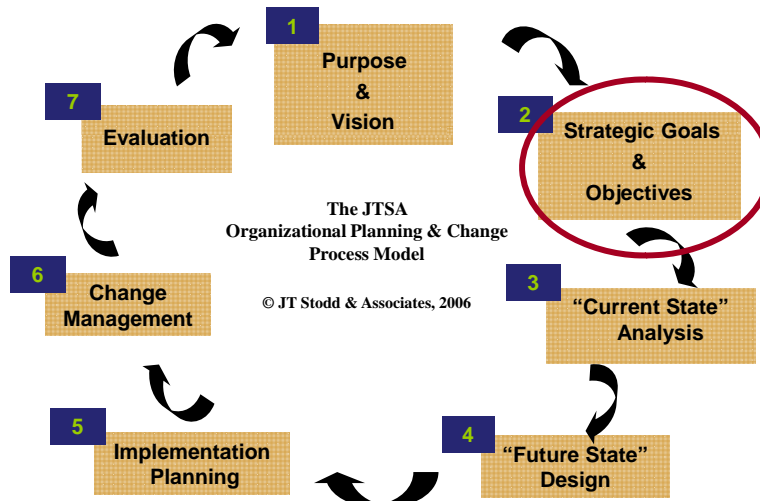
➤ **Purpose/Mission:**

- ❖ **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?
- } Descriptors
Measures & Metrics

Organizational Planning Process

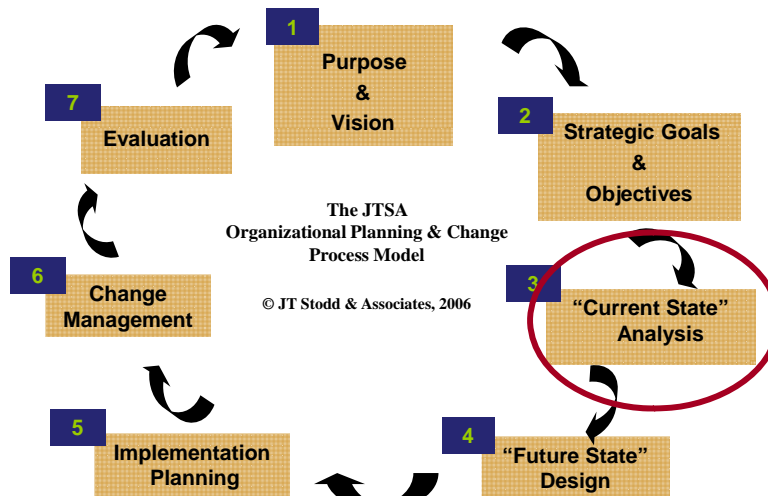


Strategy

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.

Organizational Planning Process



“Current State” Analysis

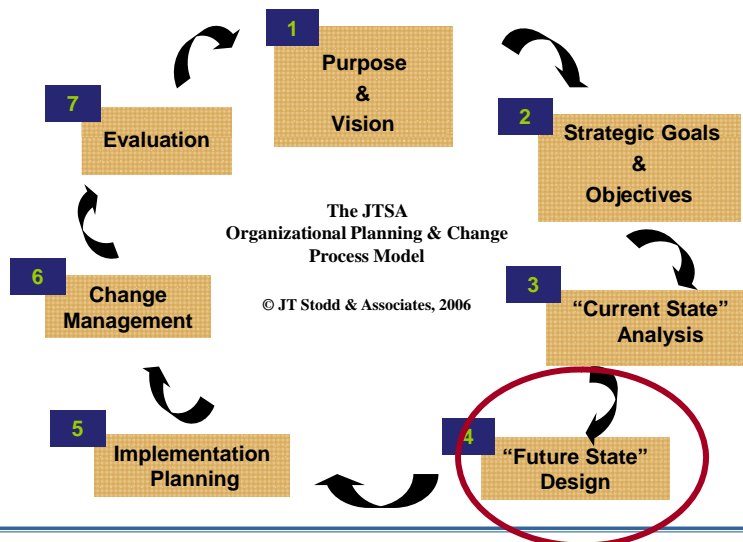
- **Comprehensive review** of organization **structure** and **infrastructure**
- **Focus:**
 - ✓ People (Structure/Roles/Relationships/Competencies)
 - ✓ Key Business Processes
 - ✓ Information Technology
 - ✓ Other “Critical” Resources (Assets, Tools, Facilities, etc)...If Applicable!
- **Methodology:** 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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Organizational Planning Process



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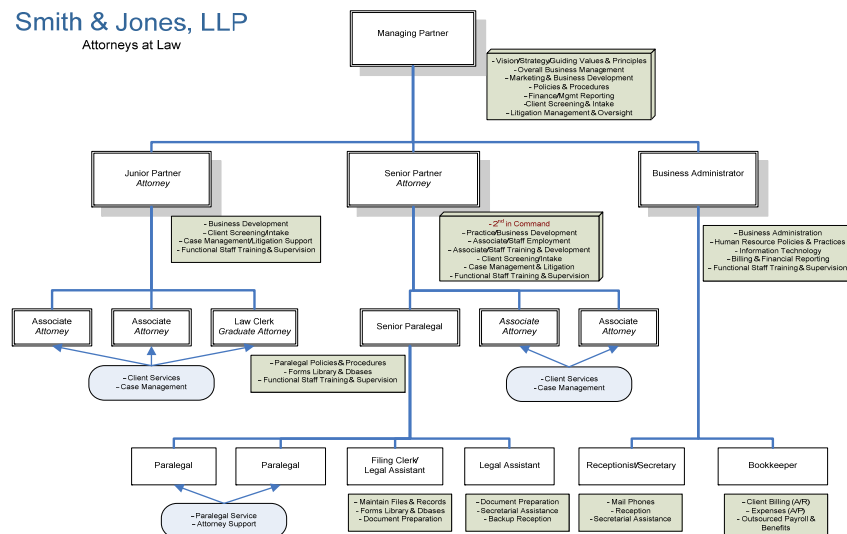
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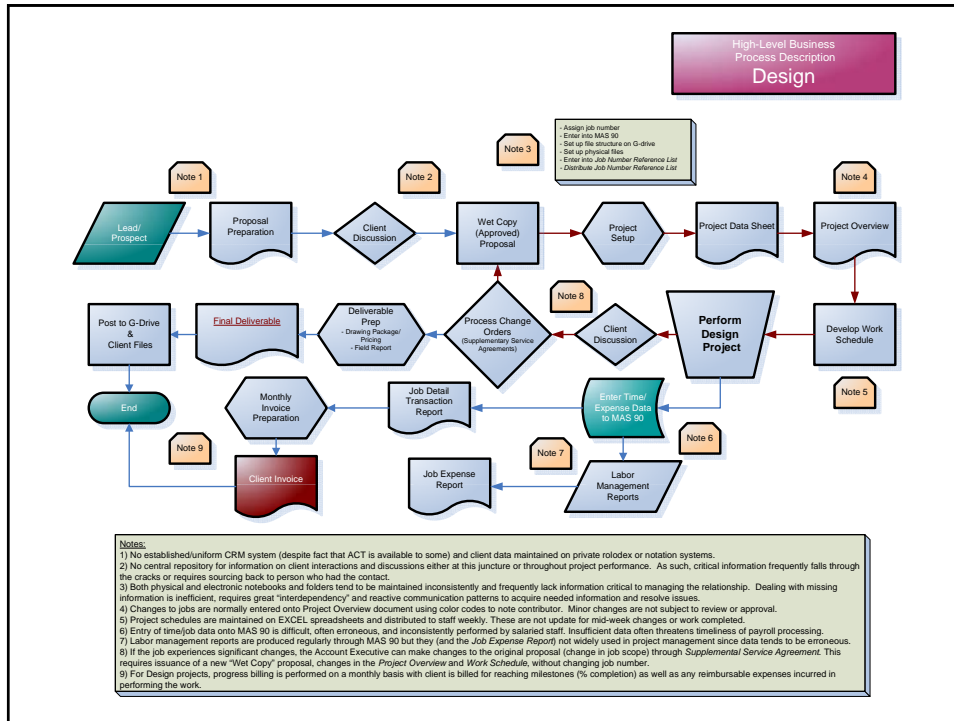
“Future State” Design

- 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**

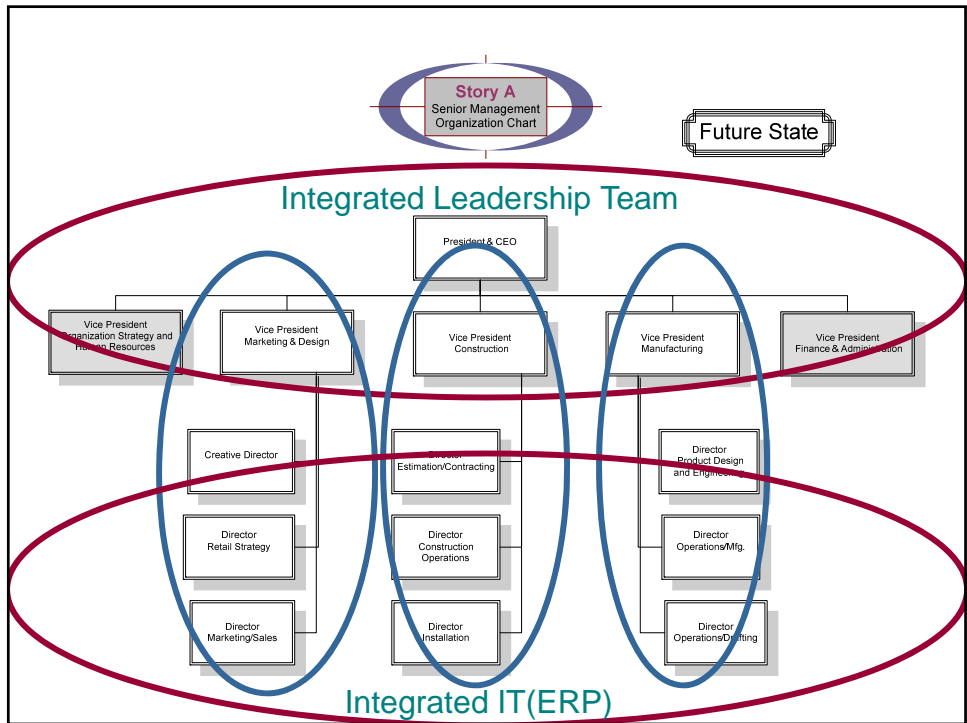
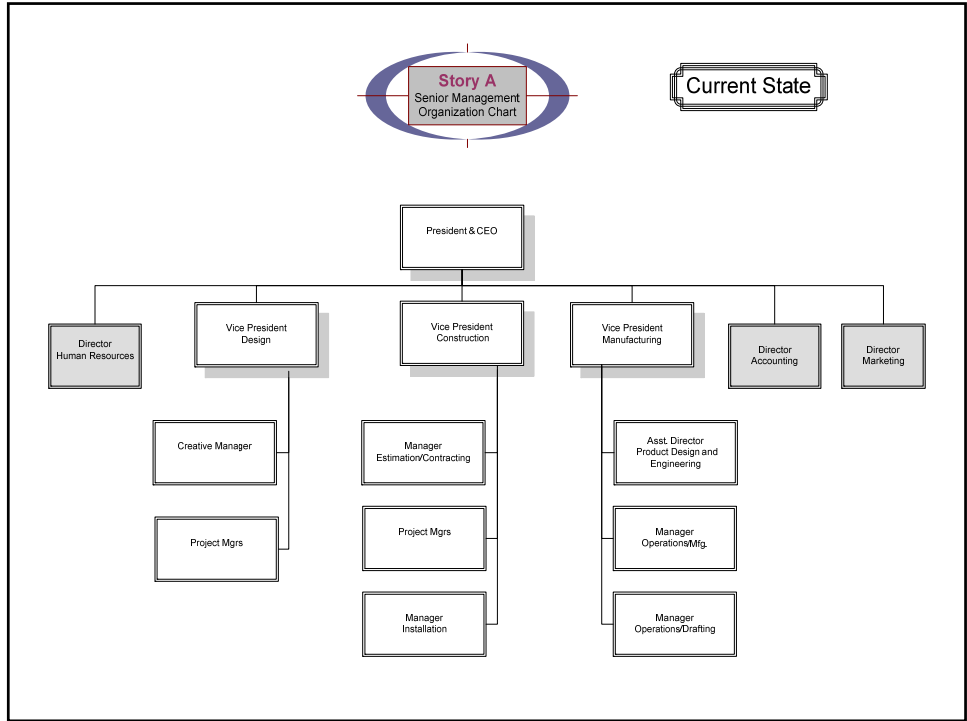
Sample Functional Organization Chart

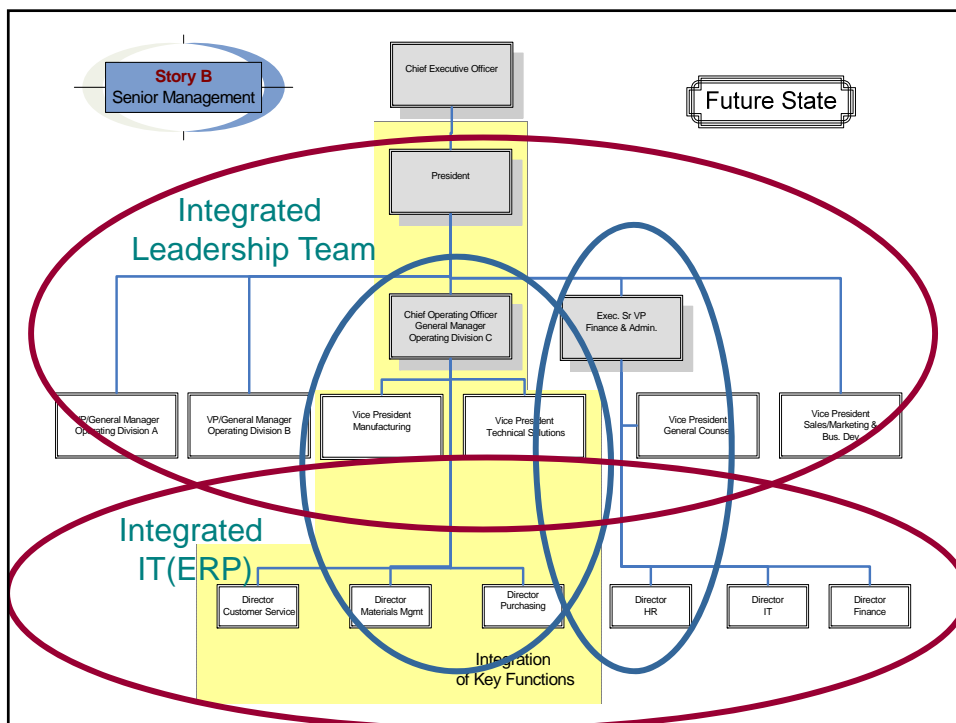
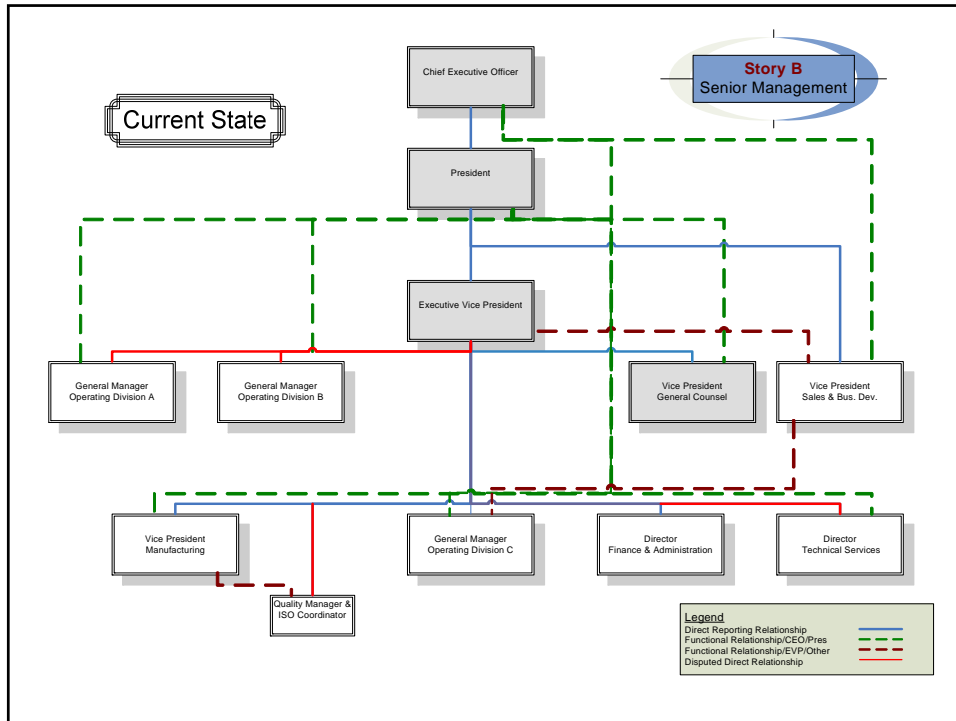
Smith & Jones, LLP Attorneys at Law

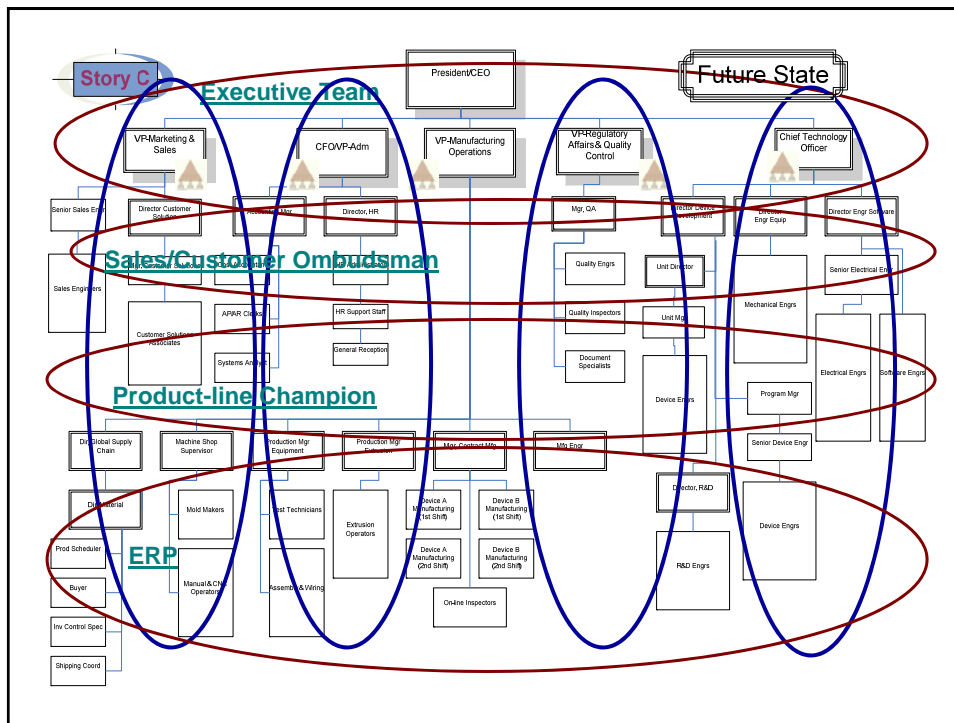
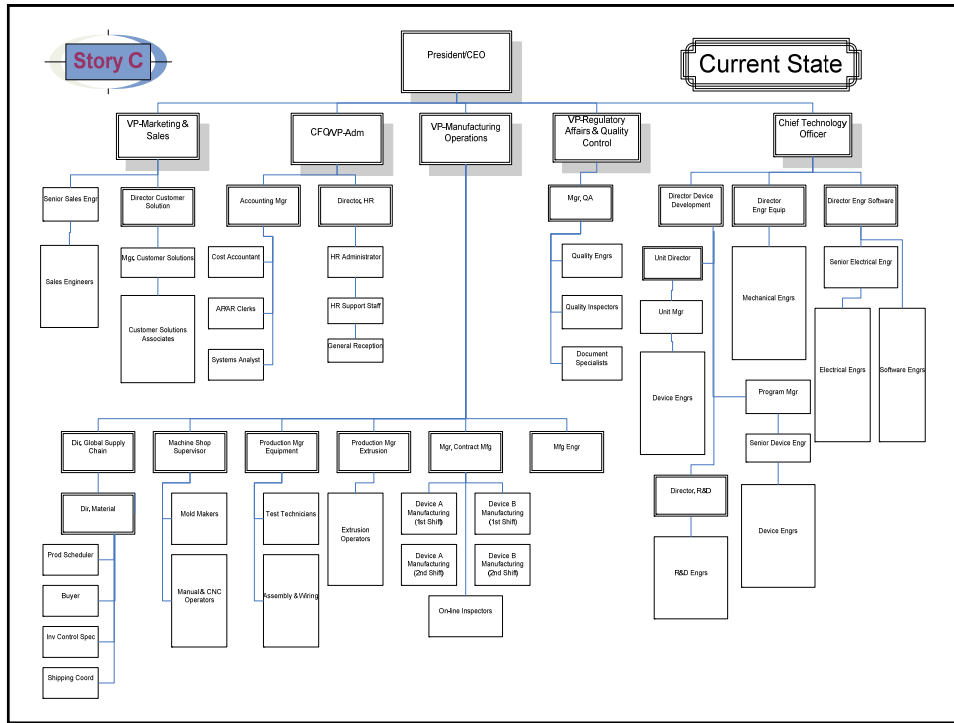




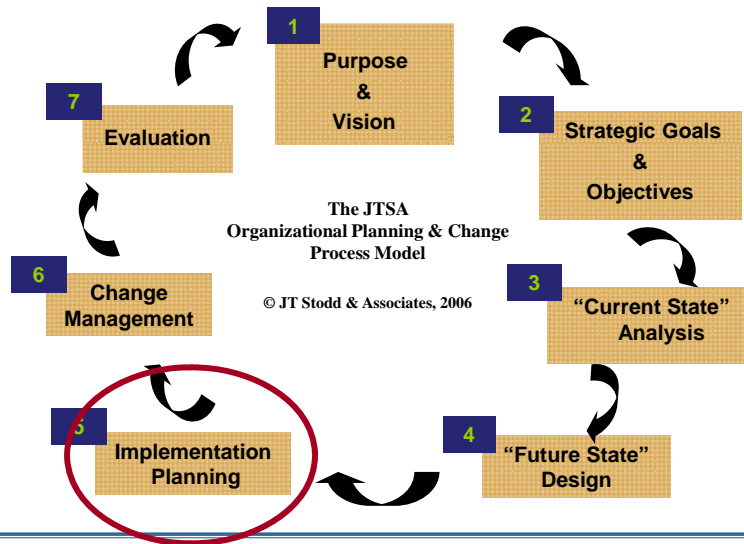
GAP Analysis: Examples







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

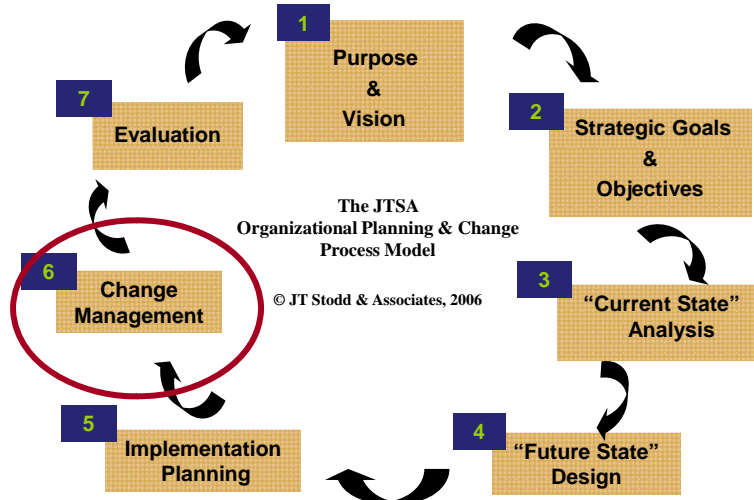
- Detailed Implementation Plan
- Multiple Project Definition
- Discrete Detail (**Activities, Assignments, Target Dates, Milestones**)
- Leadership Roles (**Change/Transition Management**)
- Project Management Assignments & Accountability
- Obstacles, Challenges and Work-Arounds

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Change Management

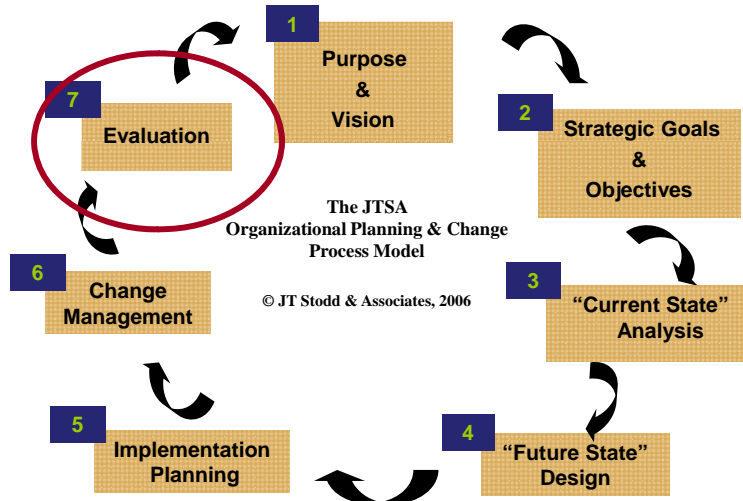
- "Change" Management vs. "Transition" Management
- Communication/Stakeholder Relations
- Coaching & Mentoring
- Project Management Office (PMO)/Interim Management
- Technology Selection/Integration
- Process Redesign
- Talent Search
- Performance/Reward Management
- Other Assistance as Required

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Evaluation

Assess...

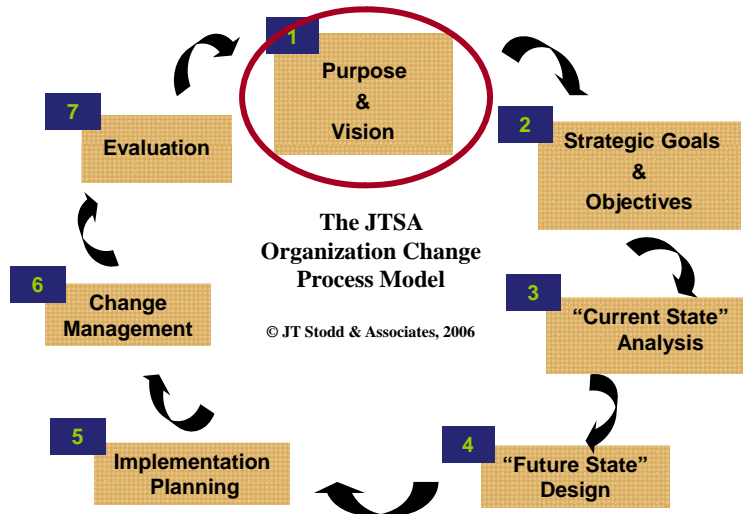
- Progress on established **Implementation Plans**
- Progress on **Strategic Goals & Objectives**
- Need for **Changes in Direction/Strategy**

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Coming Full-Circle!!!



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Wrap-up!

- ✓ Not “Rocket Science”
- ✓ Practice Basic Business Fundamentals
- ✓ Execution: **Keep it simple...Do it well!**
- ✓ Refine with “Iterative Process”

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Bonus Materials

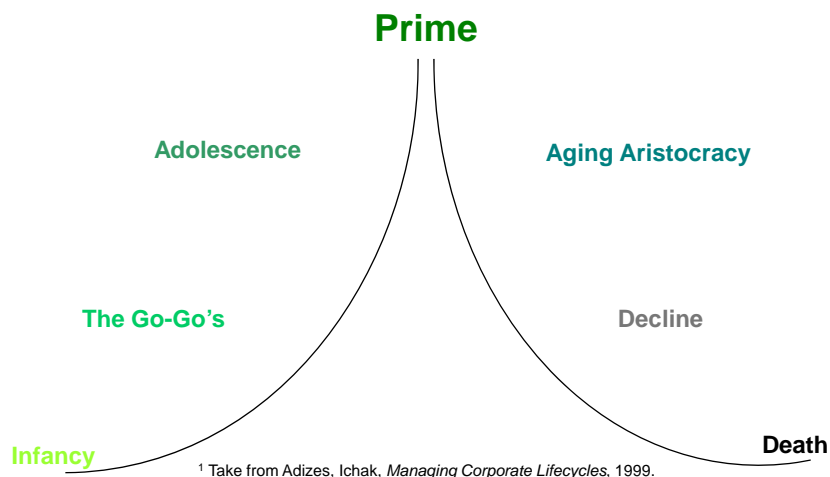
Organizational Growth, Decline & Renewal

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Change Drivers: Corporate Lifecycles¹



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Change Drivers: Corporate Lifecycles¹

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

¹ Take from Adizes, Ichak, *Managing Corporate Lifecycles*, 1999.

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

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Change Drivers: Corporate Lifecycles¹

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)

¹ Take from Adizes, Ichak, *Managing Corporate Lifecycles*, 1999.

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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Change Drivers: Corporate Lifecycles¹

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)

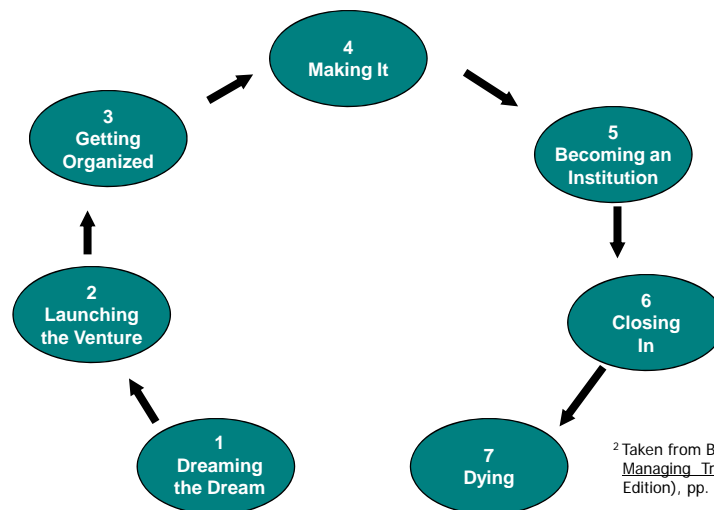
- Increasing relative cost of overhead
- Decision-making by gamesmanship
- Revenues and profits begin spiral decline
- Creative talent leaves

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"

¹ Take from Adizes, Ichak, *Managing Corporate Lifecycles*, 1999.

The "Seven Stages" of Organizational Life²

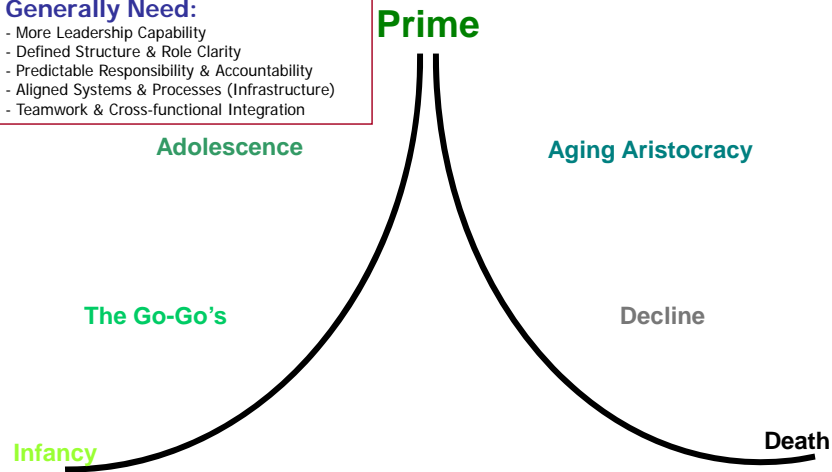


² Taken from Bridges, William; *Managing Transitions*, (2nd Edition), pp. 77-89.

Change Drivers: Corporate Lifecycles¹

Generally Need:

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



¹ Take from Adizes, Ichak, *Managing Corporate Lifecycles*, 1999.

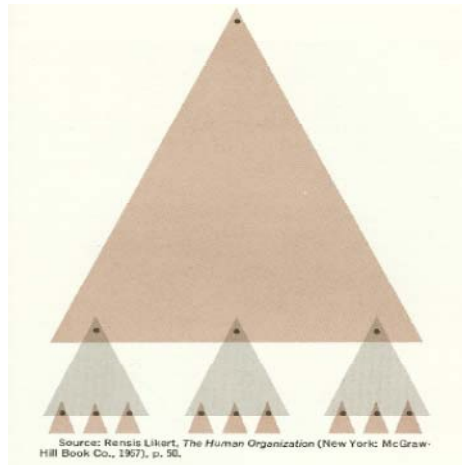
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"Differentiation" vs. "Integration"

Concept of
"Linking Pins"

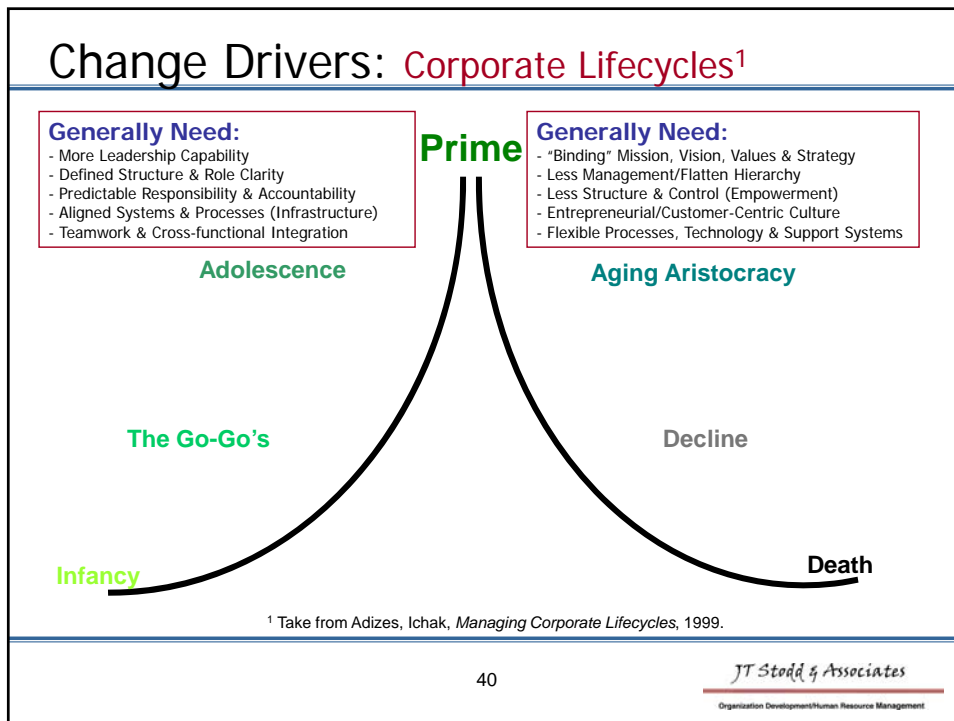
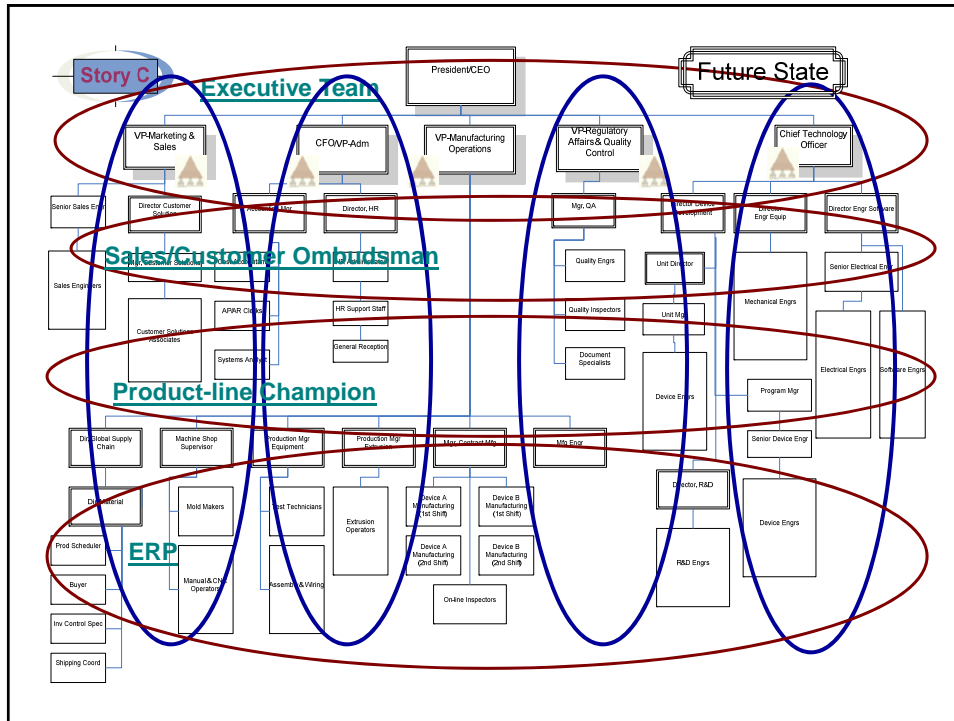


Source: Rensis Likert, *The Human Organization* (New York: McGraw-Hill Book Co., 1967), p. 56.

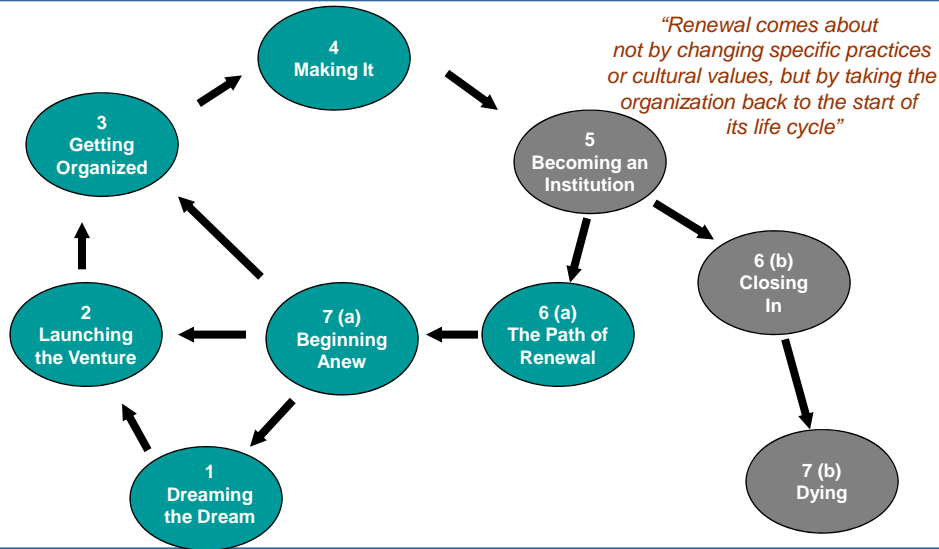
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Organization Renewal



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Blanchard's HPO SCORES Model³

"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.

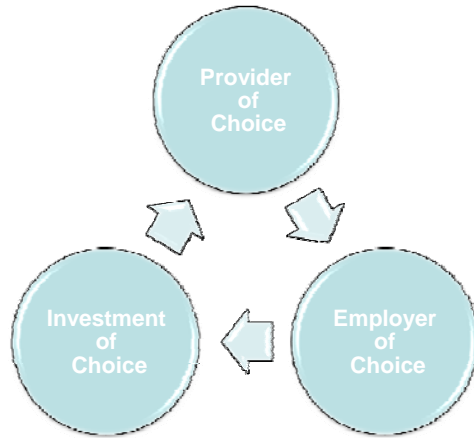
³Taken from Blanchard, Ken; *Leading at a Higher Level: Blanchard on Leadership and Creating High Performance Organizations*; Upper Saddle River, NJ: FT Press (The Blanchard Management Corporation), 2007.

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Focusing on the “Right” Targets



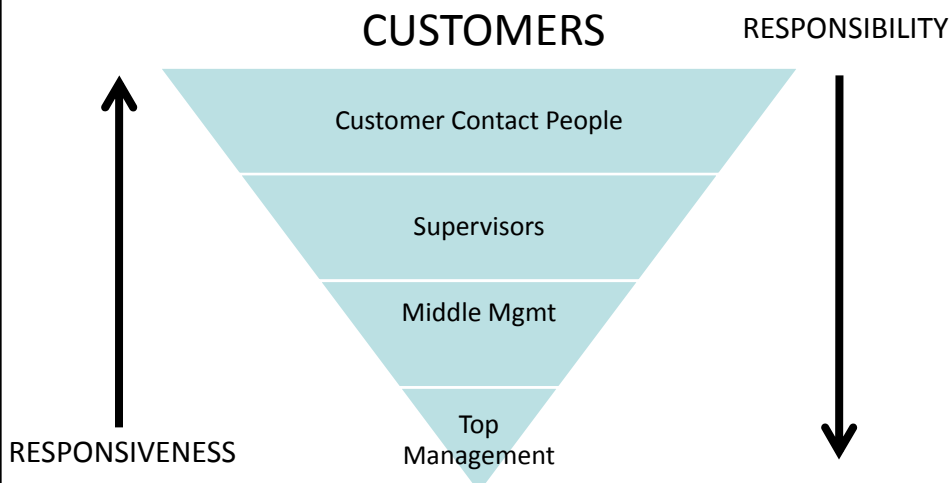
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Flipping the Organization “Upside-Down”



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Presenter

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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.