Functional Area #7: Organizational Effectiveness and Development

Any student use of these slides is subject to the same License Agreement that governs the student's use of the SHRM Learning System materials.

- Identifying and clearing away internal obstacles to help achieve strategic goals and continuous improvement.

- Asking questions such as:
  — Where do we want to go?
  — What is keeping us from getting there?

Organization Development

Process of enhancing the effectiveness and efficiency of an organization and the well-being of its members through planned interventions.

Organizational performance is assessed based on:
- Efficiency in using resources to create value.
- Effectiveness in achieving its strategic goals.

Organizational interventions ("structured activities") can be:
- Proactive.
- Remedial.

Characteristics of Effective Interventions

- ✓ Strategically aligned
- ✓ Collaborative
- ✓ Supported by top management
- ✓ Producing sustainable results
- ✓ Supporting continuous improvement
- ✓ Using common tools

- ✓ Using common language
- ✓ Explicit assumptions
- ✓ Fact-based
- ✓ Oriented toward systems and processes
- ✓ Flexibility
- ✓ Multiple perspectives

OED Competencies

Relationship management

Personal characteristics

Professional skills

Critical evaluation

Consulting

Business acumen
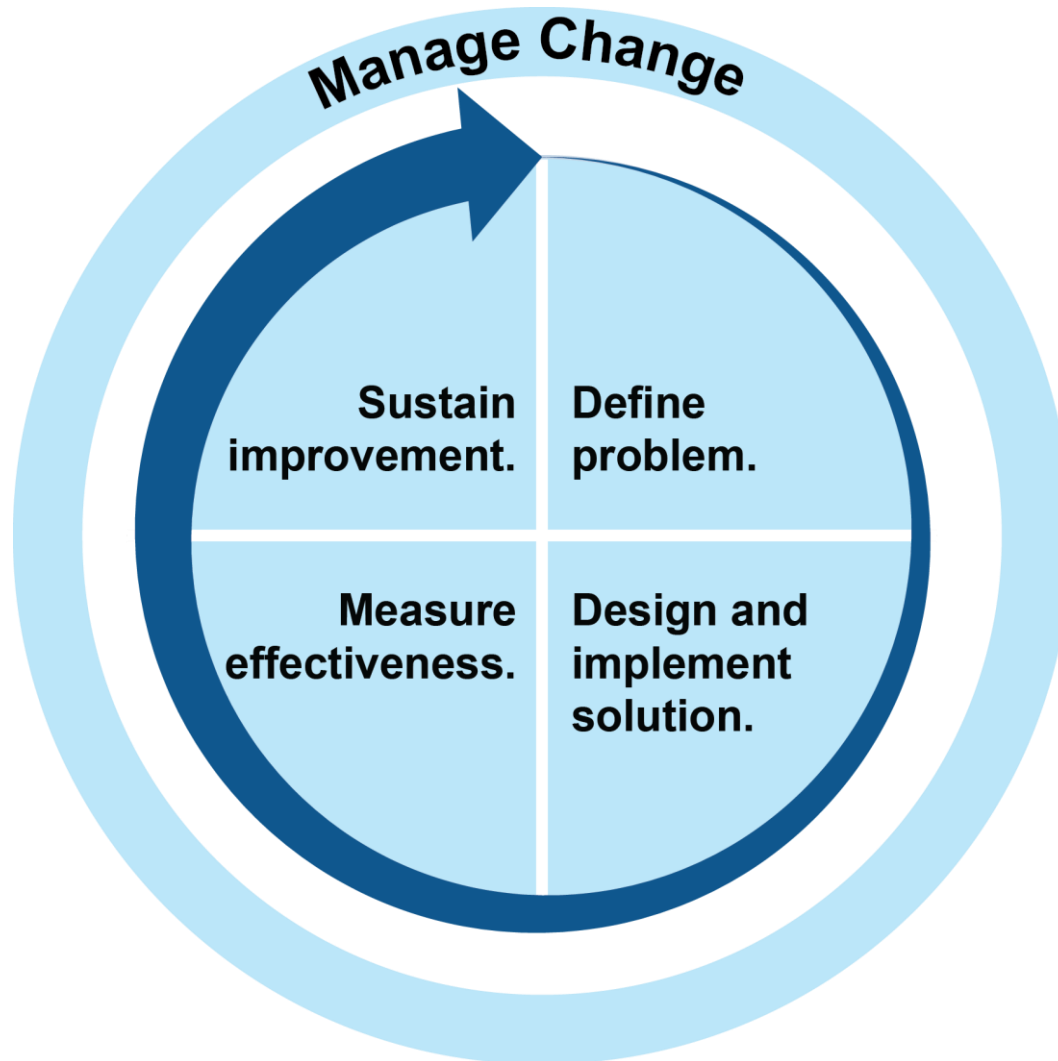
Expertise in specific types of interventions

Why Interventions Fail

- Lack of senior management support and buy-in

- Poor planning

- "Analysis paralysis"

- Reluctance to take reasonable risks

- Failure to communicate need

- Too much change for available resources, time, or change management capability

© SHRM

6

OED Process Model

Understanding the Problem

Problem solving starts with a thorough understanding of:

- The problem as perceived by the intervention client.

- Underlying issues.

- Potential obstacles to solving the problem.

The problem as presented by the client may need to be reframed to address the root causes.

Planning the OED Project *

Identify and involve stakeholders.

Results in stronger solutions.

Define achievable objectives.

Helps to promote confidence in the OED process and demonstrate HR's value.

Plan appropriate ways to gather information.

Requires sufficient data to support reliability, capture multiple perspectives, and avoid bias.

* See HR Strategic Planning in *People* module.

Are We Ready to Change?

The organization's, group's, or individual's readiness to change will affect the initiatives adopted.

Issues to consider include:

- The nature of the change.
- Duration.
- Key milestones.
- Change process.
- Roles and responsibilities.
- Cultural impacts.
- Fears and resistance.
- Productivity issues.
- Benchmarks.
- Local interests.

Analyzing Data *

Sort data.	• Use tools like affinity mapping.
Plot statistical data.	• Find key data characteristics and "outliers."
Analyze root causes.	• Create a cause-effect diagram.
Determine trends.	• Plot frequency and severity of events against time. • Establish priorities.

* See section on Critical Evaluation competency in *HR Competencies* module.

Providing Feedback

Present data that is:

✓ Relevant.

✓ Focused on issues that can be influenced or managed.

✓ Fact-based and objective.

✓ Selective.

✓ Sufficient and specific.

Effective Feedback Presentation

- Review findings and recommendations with key individuals before presenting to group.

- Prepare for possible client reactions.

- Listen and validate reactions while showing the way forward.

- Maintain optimistic demeanor.

Intervention Design and Implementation

OED interventions are generally categorized as:

- Team or unit.
- Structural.

OED strategies should include interventions that are:

- The correct number and type.
- Aimed at the correct audiences.
- Sequenced and scheduled for maximum effectiveness.
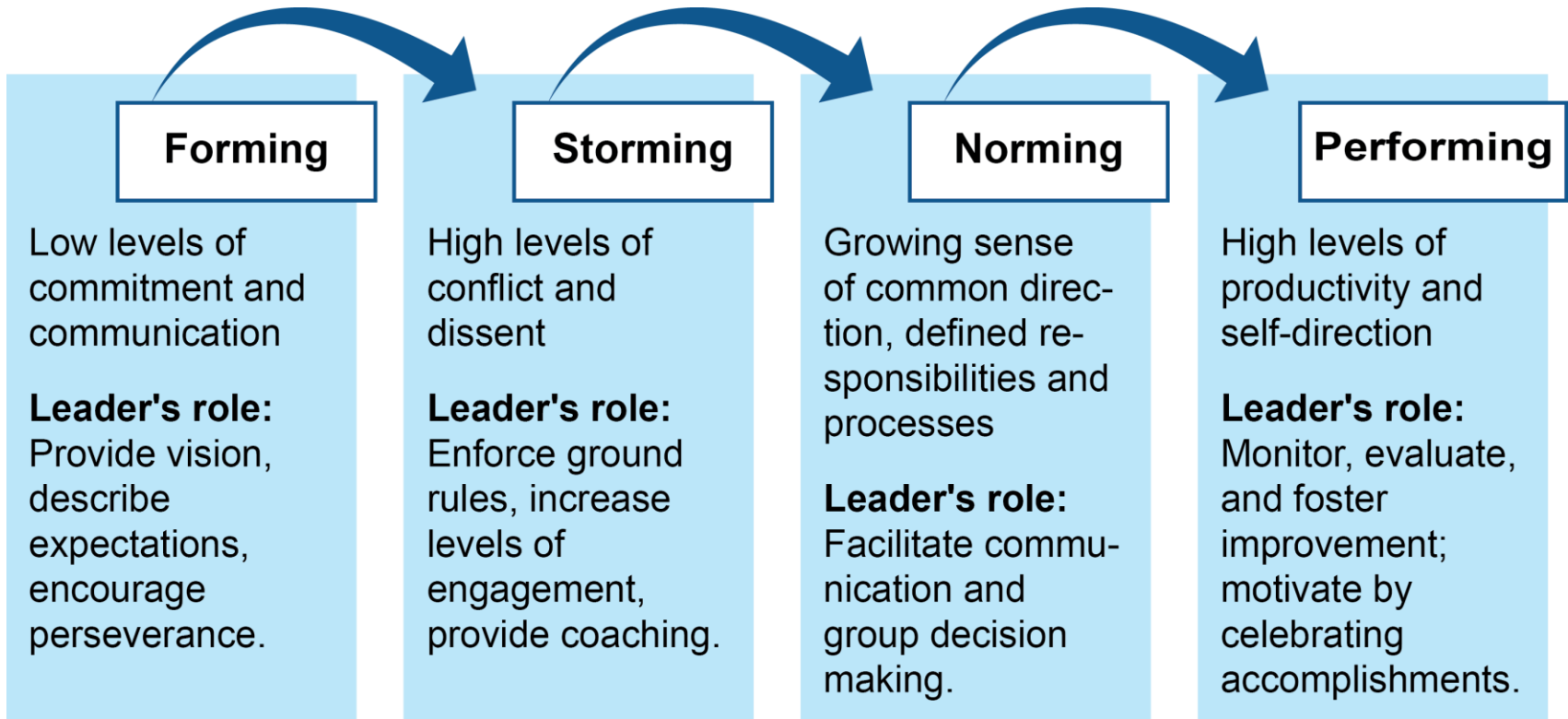
Intervention Types: Team or Unit

Goal may be to improve team processes and interactions through:

- ✓ Developing a team identity.

- ✓ Correcting dysfunctional behaviors.

- ✓ Redefining processes to remove conflicts and improve coordination.

- ✓ Building trust.

- ✓ Helping diverse teams overcome cultural and geographic distances.

Team Formation

Based on Bruce Tuckman

Forming	Storming	Norming	Performing
Low levels of commitment and communication	High levels of conflict and dissent	Growing sense of common direction, defined responsibilities and processes	High levels of productivity and self-direction
Leader's role: Provide vision, describe expectations, encourage perseverance.	**Leader's role:** Enforce ground rules, increase levels of engagement, provide coaching.	**Leader's role:** Facilitate communication and group decision making.	**Leader's role:** Monitor, evaluate, and foster improvement; motivate by celebrating accomplishments.

Group Dynamics and Team Building

Group Roles

- Task roles
- Social roles
- Dysfunctional roles

Based on Kenneth Benne and Paul Sheats

Team-Building Activities

Activities may focus on:

- Goals and priorities
- Roles and responsibilities
- Processes
- Interpersonal relationships

Intervention Types: Organizational

Organizational interventions look at how the structure of the organization is helping or hindering its strategic progress.
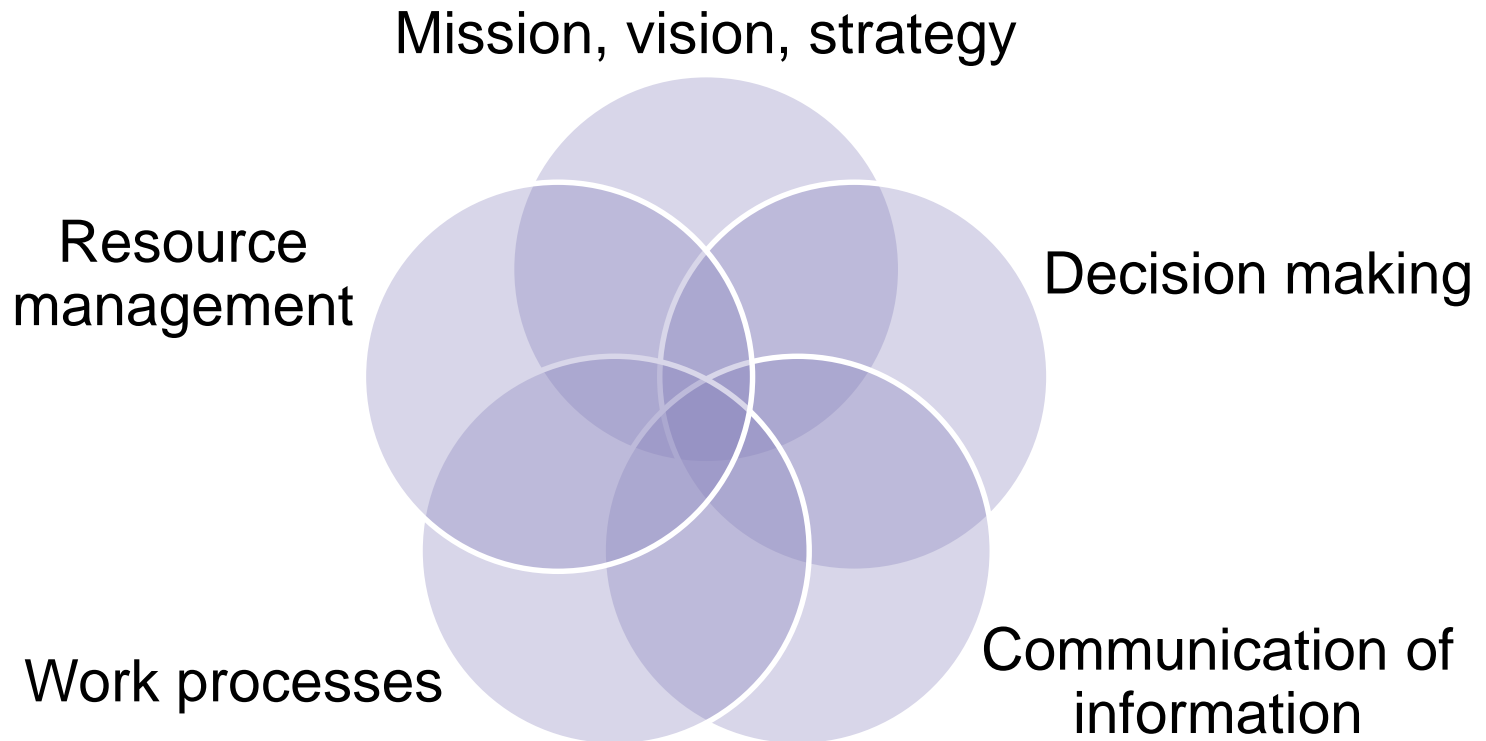
Redesigning

Realigning and Refocusing
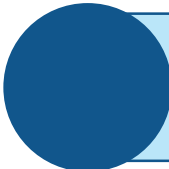
Building Performance
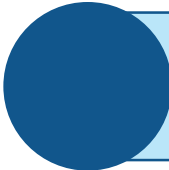
HR Roles

- Diagnose structural causes of poor performance.

- Help leaders choose more effective designs aligned with short- and long-term strategic objectives.

- Coach leaders on their roles and responsibilities.

- Monitor the structure for alignment with strategies and identify any challenges.

- Plan to deliver necessary short- and long-term interventions.

Structural Characteristics

Work specialization

Decision-making authority

Hierarchy layers
- **Chain of command**
- **Span of control**

Formalization

Departmentalization

Functional	Define departments by the services they contribute (such as marketing and sales, operations, and HR).
Product	Groups functional departments under major product divisions. Each division has its own marketing, sales, manufacturing, and finance functions.
Geographic	Similar to a product structure except that geographic regions or countries—rather than products—define the organizational chart.
Front-back (hybrid)	"Front" defines functions by geographic locations or customer types; "back defines functions by product or business unit.
Matrix (hybrid)	Combines departmentalization by division and function to gain the benefits of both; creates a dual rather than single chain of command.

There are advantages and disadvantages to each type of structure.

A RACI matrix is commonly used.

R	**Responsible**	A responsible member performs the activity.
A	**Accountable**	The accountable member is in charge of the activity and answers to management for the activity's performance.
C	**Consult**	A consulting member provides advice or information necessary to perform the task.
I	**Inform**	Members to be informed receive communication about activities but do not perform or consult.

What the organization needs to be effective will change as it grows—from initial creativity and freedom to evolving needs for:

- Direction and management.

- Delegation and effective structure.

- Control and coordination.

- Collaboration.
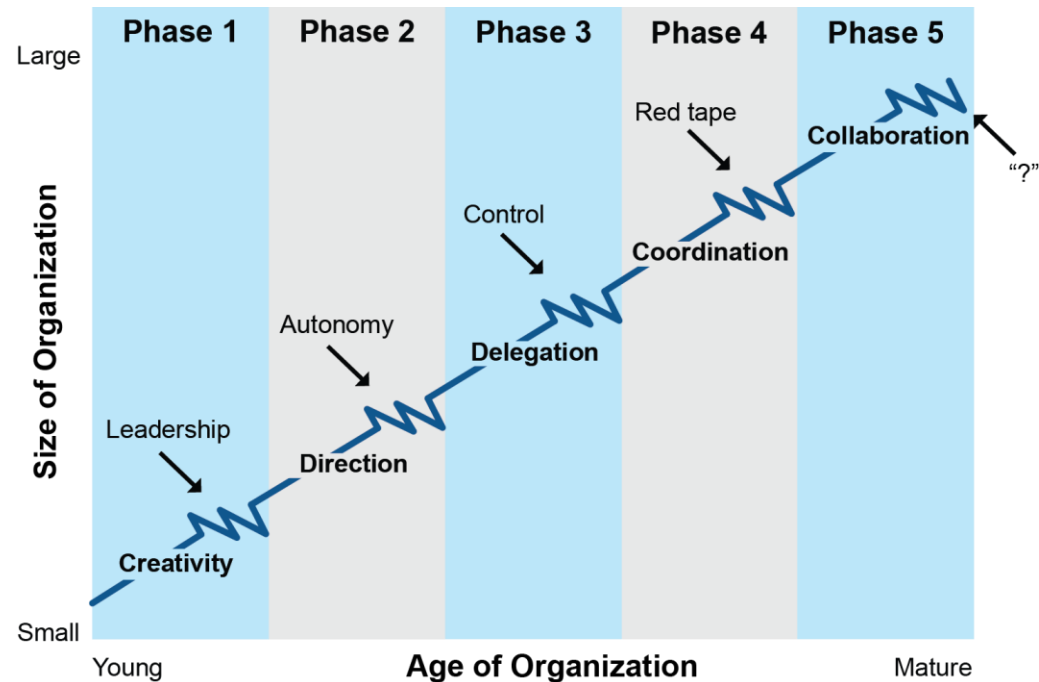
Based on Larry Greiner

Building Performance

Gaps in required knowledge and skills

Technology requirements

Process requirements

Organizational culture requirements

Involving Stakeholders

Tools to assist in group decision making:

- SWOT analysis of intervention decisions
- Multi-criteria decision analysis (MCDA) of possible solutions
- Cost-benefit analysis (CBA) of alternatives
- Force-field analysis to process brainstorming issues and analyze support or resistance to change

Benefits:

- Increased buy-in
- Increased probability of intervention's success

Setting Objectives

Objectives should be SMARTER.

S	Specific
M	Measurable
A	Attainable
R	Relevant
T	Timebound
E	Evaluated
R	Revised

Benefits:

- Help to evaluate the intervention

- Useful in defining client expectations

- Help avoid conflicts and disappointment

Communication Pitfalls and Solutions

Pitfalls	Solutions
Leadership not involved	Make sure leaders are part of the communication strategy.
Wrong messenger	Understand the culture to determine who should communicate the change.
Too sudden	Prepare employees and allow feedback before change is initiated.
Too late	Plan and provide timely messages.
Not aligned with business realities	Be honest; give reasons behind the change and the projected outcomes.
Too narrow	Focus on organizational goals, not details.

HR's Support of Change *

- Involve everyone.

- Use Communication competency.

- Recognize emotional reactions.

- Create a vision.

- Build support.

- Make sure the change is fair.

- Build required performance.

*   See section on Consultation competency in *HR Competencies* module.

Demonstrating Value

2017 SHRM LEARNING SYSTEM FOR **SHRM-CP/SHRM-SCP**

Data should be collected throughout the intervention to support measuring effectiveness.

Accurate analysis at the beginning of the initiative **+** **Metrics to measure the initiative**

Metrics should eventually measure the impact (positive or negative) of the OED change effort.

© SHRM

30

Sustaining Improvement

Vigilance — Reinforce new behaviors and avoid backsliding.

Problem solving — Tackle issues as they arise with a positive approach, teamwork, and creativity.

Alignment — Fix systems that conflict with changes.

Practices to Sustain Change

Based on Beckhard and Harris

Periodic team meetings

"Sensing" meetings

Periodic intergroup meetings

Dedicated renewal conferences

Goal-directed performance reviews

Periodic third-party assessments

Rewards

A small, family-run organization has always pursued a differentiation strategy that emphasizes quality and customer service.

The CEO decides to retire and sell the business to a mid-sized competitor who has always employed a cost leadership strategy.

As part of the sale agreement, the CEO insists that all current employees be retained.

Within four months of the acquisition, the VP of HR sees that almost 40% of the acquired employees have left the organization, taking critical knowledge with them. If this continues, it will affect customer service.

Discussion

- What type of OED intervention should the VP of HR consider first?

- What other activities should the VP of HR consider?

- What are two primary competencies that the VP of HR would be demonstrating to address this issue?

- What are some other competencies that the VP of HR will need to demonstrate?