

Integrating Change Management and Organization Development in Effective Organization Design

By

Agni Kitsios, MSOD
Kitsios Consulting, Inc.

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Overview

Many times when re-organizing or creating new organization structures, the boxes on the organization chart are shuffled, names are added and success is declared. In our experience, there is a tendency to (re)design organizations around current talent with the desire to retain that talent, rather than taking a strategic approach to align the new structure with the company, function or department strategy. Typically, once the new organization chart is defined and communicated, the process is considered complete.

As Change Management practitioners, we know this approach is not effective, as it generates resistance and results in loss of productivity. In our experience, we have seen many such efforts gone awry. People flounder while trying to understand the new structure, their new role and what they need in order to be successful. It takes a long time before employees can be effective and efficient in their roles, and rumors can take over the reality. All of this turmoil results in low productivity and low morale, the outcome of which is often non-desired attrition. There is a much more effective way to design organizations. This approach integrates Change Management with Organization Development (OD) techniques for optimum results.

Change Management is not always a discipline that is exercised in conjunction with organization design efforts. However, after major organizational changes such as mergers and acquisitions, organization downsizing, or the implementation of a new strategy, the lack of an integrated Change Management approach can create uncertainty and stress. This is related to:

- Acquiring new roles and responsibilities
- Establishing new reporting relationships

- Being placed in a managerial position for the first time
- A lack of the necessary skills to be successful in the new role
- Saying goodbye to co-workers who have been 'downsized'
- Questioning how the changes will make the function, department or company more effective

By integrating Change Management activities with core OD activities during organization (re)design uncertainty and stress are reduced, clarity around the new organization is increased, and employees are able to be effective in the new structure more rapidly.

Figure 1 depicts how these two disciplines, Change Management and Organization Development, driven by an integrated approach lead to successful organization design.



Figure 1 – Integrated approach to effective organization design

This paper highlights an integrated process for organization design based on the experience of Kitsios Consulting, Inc.

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Change Management

Based on our experience, the key Change Management activities to be included in effective organization (re)design efforts are described below.

Alignment of organization design to strategy

It is important to connect the organization design to the overall company, department and/or function strategy to ensure the new organization structure supports the execution of the strategy in the most effective manner. Often, an extra step is required to ensure that a clear strategy is in place as many organizations, departments and/or functions do not have a clear direction.

Creating sponsorship at various levels

An executive oversight model is important and should be represented by an executive steering committee which will serve as sponsors during the design process. The membership of the steering committee should consist of key stakeholders, including executives of other functions or departments which will interface with the organization being designed. In addition to the executive level, identifying and engaging sponsors at the first-line, manager level is also critical.

In a recent Kitsios Consulting client engagement, the steering committee dealt with some critical political issues which would have been major derailers during implementation if this oversight model was not in place. In addition, the steering committee gave the new organization's leader an opportunity to show his leadership ability and gain the support of key executives in advance of implementing the new structure.

Identifying key stakeholders

We define key stakeholders as those who will be impacted by the new organization structure

both internal and external such as other functions or departments, customers, vendors and agencies. A plan to engage key stakeholders is important because their support is essential to the success of the new or redesigned organization. This plan is used as a means to improve communications, gain support or buy-in, gather useful ideas and provide context for sound and sustainable decision-making. The stakeholder plan includes the impact each stakeholder/stakeholder group could have on the success of the organization design. It should also define stakeholder engagement activities that will increase support for the new organization. These activities can vary from one-way communication, to deep involvement in the design process and everything in-between.

Communication strategy

A communication strategy is vital to the success of the organization design and serves as an important tool for stakeholder engagement. It should include key stakeholder groups which are critical to the organization's success. A variety of communication vehicles usually works best such as town hall meetings, written communications, speaking points for leaders, newsletters and intranet sites. It is important to ensure communication deliverables are integrated and executed at key points in the organization design and deployment process with a **consistent message**. Follow up is needed to ensure messages are clearly understood and received as intended.

Learning strategy

As jobs are designed and competency gaps identified, a learning strategy for bridging those gaps is essential. Competency gaps can occur in functional/technical skills, managerial skills and soft skills. If the new organization requires changes to the way the work is done (business processes), training will also be required to implement the new business processes. In some cases, the competency gaps are minor and are handled

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informally by the manager through job coaching.

Employee engagement

In addition to communications and involvement in design activities, it is very powerful to give employees a voice in the process of aligning the new organization roles to existing talent. Suggestions on how to achieve enhanced employee involvement are provided below in the *Employee alignment and selection* section.

Organization Development

Core OD activities essential in designing a new organization structure include the following:

Organization structure design

Before embarking on a new structure, it is important to assess various organization design models to ensure there is a good fit for the desired result. Some of the primary structures to investigate include functional, product, market, regional (or geographic), process and matrix. Design criteria should be established and used to choose the best structure for achieving the strategy. Choosing the right model for the business is imperative.

A common mistake made during this phase is to design around current talent that the organization wants to retain. Although retaining key talent is important, it may be short-sighted to design a new structure around existing employees. It is important to align the organization to its strategy by using objective criteria. As a subsequent step, existing talent can be aligned to the new organization based on the best fit.

Job design

Once the organization structure has been determined, the next step is to take a look at the roles or jobs required for the structure. Important considerations are investigating

how existing jobs need to change, and if new jobs need to be created. A key component of job design is the identification of needed competencies, both functional/technical and leadership. These competencies are essential when deciding how to fill the new roles with new or existing talent.

Impact assessment

Assessing the impact of the new structure is a critical step, often overlooked. Impact assessment answers the following questions:

- How does the new organization structure support us in accomplishing our strategy?
- How does the new design change the way people work? Will key deliverables or 'hand-offs' need to change?
- Which existing roles and responsibilities change? Do job descriptions and other job-related documents need to be revised?
- How will employee rewards and recognition programs need to be modified in order to support the new design? Are desired key behaviors clearly articulated and understood? How will those behaviors be rewarded?
- What new skills or competencies are required for employees to be successful in their new roles? New skills can range from managing others, to business, financial and technical acumen and an array of other competencies.

Completing an impact assessment includes identifying needed actions and incorporating those actions into the overall implementation plan.

Employee alignment and selection

The process for aligning people to the new structure should provide an objective means for making key decisions about current talent,

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including the potential need to recruit top talent externally. Using objective criteria (e.g., assessments) is an effective and impartial method of aligning human resources to the new roles.

Involving employees in the selection process as much as possible is valuable in building ownership and excitement about the new structure.

A recent employee selection process designed for a client included providing all existing employees with information on the new organization structure, updated job descriptions, required competencies for the roles, and their individual assessment results against those competencies. Kitsios Consulting designed a process whereby employees were given the opportunity to provide input into their top two desired jobs in the new organization along with the rationale for their choices. The alignment process was very objective and resulted in 95% of the employees placed in their top two job preferences! From the beginning, the trust and ownership that developed during the process resulted in greater focus and energized employees.

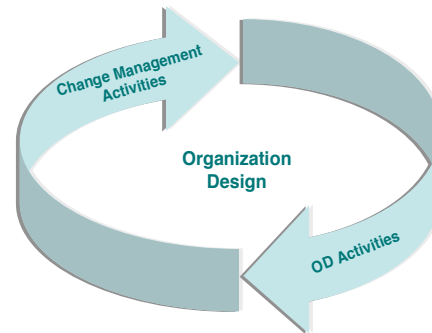
Integrated Plan

An integrated plan consists of the Change Management and OD activities outlined above combined with the organization design plan. It also includes any actions identified during the impact assessment step. By integrating activities, work is better coordinated, deliverables have more impact, and interdependencies are managed more effectively.

Change Management and OD activities are not linear and distinct actions, but rather integrated processes enriched by the rich set of tools contained in these two disciplines. For example, creating an objective process for employee selection for the new organization design is an OD activity while the employee involvement and communication of that

process are significant Change Management activities. It is critical to integrate Change Management at the beginning of the design versus incorporating it at later stages or after implementation.

Figure 2 depicts the integration of the two disciplines into a non-linear process.



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Figure 2 – Non-linear approach to integrating two disciplines

Conclusion

Integrating Change Management and OD processes in organization design produces more effective results by ensuring appropriate buy-in, strategy alignment, people alignment and work alignment. Trust is built, focus is created and productivity is enhanced from the early stages of implementation. Based on our experience, these benefits culminate in a greater likelihood of achieving the desired results of the new organization structure.