6 Steps

TO DIAGNOSE YOUR ORGANIZATION

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Prescription without diagnosis is called malpractice in the medical field. So why do organizations often take action before they understand the underlying issues?

Do you really need training or are you hiring the wrong people? When business is down should you reduce your workforce or focus on product development or marketing? When cost reduction is needed, are you cutting out staff development when you should be eliminating low value administrative tasks?

So, how should your organization diagnose the issues and decide what actions to take? Here are some ideas that are based on several leaders in the field of organizational effectiveness— David Nadler, J. R. Galbraith and McKinsey. There are six key areas to focus on: Competence, Leadership, Accountability, Governance, Work Processes, and Capacity for Change.

COMPETENCE

Do you have the talents you need, in the right places, with the right staffing levels? Are you providing effective training and development? What competencies are needed to achieve the strategy? Administrators at one global professional services firm needed to adjust the strategy for their consulting division. They needed to add some capabilities; however, also needed to reduce staff. After determining their focus areas, they defined the competencies needed by consultants in each area. Next they conducted an assessment of the knowledge, skills and experience of all consultants and aligned these with the strategic focus areas and targeted geographic regions. Without this assessment, the company would not know where to cut, where to add and what capabilities needed to be developed or recruited.

LEADERSHIP

While technically part of competence, it is worthwhile to separately assess leadership. Without the right leadership, the rest doesn't happen. Leaders set the tone for the organization and foster commitment to the strategy. Do your leaders influence outcomes and have a positive impact on the business? Do they have integrity and intelligence? Companies need to recruit, select and promote the best leaders and be willing to remove those who are harmful to the organization. Multi-rater assessments, succession management, and leadership development programs can help to assess and align leadership capabilities to your strategy and culture.

ACCOUNTABILITY

I'm sure that you have asked yourself, at some time or another, "How do we drive greater accountability?" To assess opportunities, first determine how knowledgeable your employees are of standards, expectations and goals. Do you have a goal setting process that cascades and aligns to every level? Do your employees know how they fit into the strategy? Do your managers assess performance in a meaningful, accurate way? Do you reward the achievement of goals and the demonstration of behaviors consistent with the company's values? If you are rewarding individual performance, yet what you need is better collaboration and teamwork, what do you think you will get? If you don't apply consequences and rewards appropriately, you will be sending the wrong messages to your people.

GOVERNANCE

Do you have the right organization structure and policies in place to foster decision-making, eliminate bureaucracy, share information and foster collaboration? Think about your strategy and the culture you need to have in place. Then, examine your structure, policies and decision-making practices. If various functions need to collaborate in order to meet market needs, yet the structure is set up in functional silos, you are likely to frustrate the customer by having business units driving their own individual agendas. Every organizational design has its strengths and weaknesses. If you don't set up processes to maximize strengths and minimize weaknesses, you will end up restructuring every few years.

WORK PROCESSES

Work processes need to meet the competing needs of the business. They need to be efficient, while also promoting quality and customer satisfaction. One organization implemented a problem-solving process with its branch offices to find ways to run more efficiently. One idea in changing the staffing model saved over $10 million in annualized costs, while also increasing customer satisfaction, quality and employee retention. Ask those closest to the customer and the work what is needed. You can't see this as clearly from the top of the organization.

CAPACITY FOR CHANGE

Do you have a strategy for evolving and growing the business? What impact will the changes have to your organization and your customers? Every plan for change needs to have a plan to overcome resistance and promote buy-in. Organizations need to be designed in a way that promotes adaptability and resilience. Change happens. You need to be ready for it and be a catalyst for change.

Once you assess your organization under these six dimensions, you can prioritize what to address first. Don't shoot from the hip. Make informed decisions on actions to take. ■

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