Organizational transformation
What is it, why do it, and how?

by Ron Higgins

Reactive organizations are very costly. Transforming organizations into proactive entities reduces costs and eliminates duplication and non-value-added processes, which is key to improving the bottom line and improving product and/or service delivery at the same time.

A transformation program provides the opportunity to transform organizations from being reactive to a proactive. CRG Consulting’s process is one that starts at the top of an organization ensuring management commitment and that strategic goals and objectives reflect the current organizational requirements. Once this is solidified then processes, operational objectives and human resources (HR) are transformed into a cohesive program that is truly cross-functional in nature. By the end of the transformation process, the organization will have developed into an efficient team – one that continually improves the organization through effective management of objectives ensuring sustainability long into the future.

Many organizations immediately think of human resource alignment and transition when they hear the term “business or organizational transformation.” While CRG’s full program does address HR and organizational structures, it further extends to transforming all aspects of an organization to align with strategic objectives.

Most organizations face never-ending pressure to reduce costs. Consequently they operate in a “reactive” state, spending a significant amount of money and human capital to remedy issues, implement quick fixes or revise policies and procedures to ensure that a process is in place to address the issue the next time it surfaces. Over a period of time, the significant volume of operating policies and procedures that are developed provides a false sense of security – a perception that the organization is operating in an effective manner. In reality, the organization has been burdened with bureaucracy, procedures and an over-abundance of records that very often do not get reviewed or analyzed.
Moving from the reactive mode to a proactive mode allows organizations to simplify their operations by functioning in a strategic mode, addressing the root cause to eliminate issues. The program developed by CRG streamlines processes, reduces procedures and positions an organization to work in an effective, efficient and strategic alignment. The result is cost savings due to the efficient utilization of resources, more effective processes and higher level of quality. CRG’s complete organizational transformation program includes:
  * organizational assessment
  * transformation
  * performance monitors
  * process improvement
  * performance review

Any single or multiple element of the program can be implemented on its own merit to improve a key aspect of the organization. The transformation focus is on:
  * risk assessment
  * strategy
  * organizational alignment
  * teams
  * communication
  * sustainability
  * continual improvement
  * employee training and development

**Organizational assessment**

The first step in organizational transformation is to benchmark the current state. The organization is assessed from top to bottom to fully comprehend the risks, leadership commitment, program requirements and human resource alignment to the strategic direction, as well as how the operational processes have been implemented to meet the organization’s needs and wants. Next an action plan is defined to transform the organization from “current state” to its “required state.” Once agreement is obtained on the way forward, the action plan is implemented to achieve organizational transformation.

The key element for success is the alignment of human resources to the strategic objectives of the organization. This ensures all resources are working in synergy to the needs of the organization and avoids the allocation of resources to activities that are not value-added.

The performance objectives are supported by process metrics which are developed to identify opportunities for improving process effectiveness and efficiency. By analyzing the process metrics – identification of the most ineffective and inefficient processes – process improvement can be implemented. By implementing pareto and root cause analysis, and identifying appropriate actions to address process inefficiencies, costs are reduced, issues eliminated and human resources work in a far more effective manner.

All of these key process indicators are rolled up through the organization. This allows the leadership team the opportunity to conduct performance reviews to assess the state of the organization at any point during the transformation. This information is used to identify additional opportunities for improvement and to adjust the strategic and business objectives as required. This is a continual improvement and change management program, since the organization now has the processes in place to ensure that opportunities are continually identified and adjustments made to improve the organization on an ongoing basis. This ensures the program is sustainable once the transformation process has been completed.

**Transformation risk assessment**

The risk assessment includes a performance management assessment, process efficiency and effectiveness analysis, an organizational baseline assessment, a communication strategy review, a stakeholder satisfaction assessment, an applicable ISO systems audit (when needed), and a compliance assessment to strategy, customer/stakeholder requirements and applicable regulations and standards.

**Strategy**

The next step is to develop a strategy to minimize risk and to institute a set of strategic objectives to move the organization to a high performing, effective, proactive and efficient organization. Based on the risk analysis and the needs of the organization, CRG would review and assist with the update of the strategic plan and planning process itself. The management team is involved and a strategic planning session is facilitated to assist with defining and/or refining the mission and vision. Once complete we assist with defining the key organizational objectives and implement a performance management balanced scorecard. Then the strategic planning process is mapped and documented to ensure year-to-year sustainability.

**Organizational alliance**

Aligning human resources to implement the strategic objectives of the organization is key to success. All resources need to work in synergy with the needs of the organization. Performance objectives are aligned with the organizational objectives. The performance objectives are supported by process metrics which are developed to identify opportunities for improving process effectiveness and efficiency. By analyzing the process metrics, we are able to implement process improvement. As mentioned earlier, all of these key process indicators are rolled up through the organization to allow the leadership team the opportunity to conduct performance reviews to assess the state of the organization at any point during the transformation.

**Teams**

At this stage the only way to ensure ongoing success of any transformation, or improvement program, is to institute highly effective, empowered and high-performing teams within the organization. Key team members are identified from a cross section of the organization. The cross functional team members are trained by CRG, which also assists with the team building implementation until it becomes self managing. To assess the effectiveness and success of a team within the organization, key improvement projects are identified and implemented. Highly effective cross-functional teams are very effective at implementing improvements and managing change.
Communications
Another element of any successful program is communication — both internal and external — with internal communication being the primary concern of most organizations. Employees very often state that they are unaware of the strategy, direction and performance of the organization. A successful transformation program needs to ensure all employees and stakeholders are aware of strategic plans and the current performance of the organization. There must be a communications strategy, plan and process in place for employees and external stakeholders.

Sustainability
CRG’s program is designed to ensure mentorship and training throughout, and to ensure processes are in place for continued sustainability. During the risk assessment phase, a business continuity assessment can be included and any risks and potential improvement opportunities would be identified. From this an organizational sustainability plan is developed. The key focus for ensuring success is to identify key resources within the organization and to develop and implement a human resource succession plan and a disaster recovery plan to ensure ongoing sustainability.

Current skills are assessed throughout the organization, and employees at all levels are trained to provide the skills required to transform and sustain the transformation. CRG then develops/revises and implements process improvement metrics within the organization and implements an effective program to ensure long-term sustainability.

Continual improvement
Once the organizational transformation program is implemented and sustainable processes are now in place to ensure continual improvement, initiatives are actioned to further improve the performance of the organization. This is done through performance monitoring and the implementation of effective corrective and preventive measures. The organization now has the tools to develop continual improvement plans. Using employees that have been trained in pareto and root cause analysis, process inefficiencies can be identified and appropriate actions taken to reduce costs, eliminate issues and ensure human resources are working in a far more effective manner. The organization will also possess monitors for all key processes based on improvement activities. CRG provides mentorship for continual improvement projects and assistance with the development process to manage effective change.

Employee training and development
Any successful program needs to provide adequate training and development for all employees, which ensures that employee productivity and efficiency is improved and cost-effective. CRG training covers human resources, including leadership and team development, professional development coaching, career coaching, quality tools and techniques, Lean/Six Sigma, Quality Management and the implementation of a healthy workplace program.

Performance monitors
The actual transformation process, which is the vital step, is often referred to as a transition or change management program. This involves implementing the alignment of the strategic plan and objectives and mentoring the leaders, management and high performance cross-functional teams.

In many cases, an organization needs to realign human resources to meet the new strategic plans and objectives. This is a crucial segment in any transformation program in that it aligns all human resources to ensure that the employees’ goals and objectives are in sync with the larger organizational strategic direction. Often employees are found to be working on projects that have no relevance to the strategic direction of the organization and this one area has a significant negative impact to the bottom line and performance of any organization. All employees, including management, need to have their performance objectives and metrics aligned with the strategy.

Having ensured the organization’s human resources are aligned, the next step is to ensure that the processes in the organization are also in sync with the objectives of the organization and aligned with the strategic plan. We review and update or develop process maps and procedures, implement an effective document control process and implement key metrics to monitor process performance. This is the one area that can provide the most significant return on investment, reduce risk and transform organizations into high performers.

Performance review
Now that the organizational transformation program is implemented and sustainable processes are in place to ensure continual improvement, initiatives are actioned to further improve the performance of the organization. This is done through performance monitoring and the implementation of effective corrective and preventive measures. The organization now has the tools to develop continual improvement plans using employees that have been trained in problem solving and root cause analysis. The organization will also possess monitors for all key processes based on improvement activities. Mentorship for continual improvement projects and assistance with the development process to manage continual improvement is provided.

Ron Higgins is associate vice president, Organizational Transformation, at CRG Consulting and president of Wren Group. Established for 25 years, CRG Consulting is a multi-disciplinary consulting and advisory firm that supplies a wide range of consulting services to the private and public sectors across Canada. Wren Group is a leader in performance management solutions honed over years of practical business experience. CRG Consulting and WREN Group have aligned their expertise to provide clients with the services required to transform organizations, including all the key ISO and health and safety standards for private and public sectors, health care and not for profit organizations. Ron can be reached at ronh@thecrg.com.