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GO Global Organization
Design Society

READINGS IN GLOBAL ORGANIZATION DESIGN

ARTICLE #10-11-14-18

POSITIONING OF THE HR FUNCTION TO SUPPORT STRATEGIC CHANGE

by Charlotte Bygrave, Herb Koplowitz and Ken Shepard

Positioning of the HR function to support strategic change



Contribution by Charlotte Bygrave, Herb Koplowitz and Ken Shepard

Global Organization Design is a master-tool that multiplies the benefits of all your leadership efforts

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GO Global Organization Design

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Workshop purpose, process & payoff

Purpose: To aid participants in positioning HR as a strategic function critical to the articulation and implementation of strategy within their own organizations.

Process:

- Review the current positioning of HR
- Give four examples of use of a unifying theory (Requisite Organization principles) to position HR as a function critical to implementation of strategy showing the role of VPHR in:
 - Improving top team effectiveness in implementing strategy
 - Designing an organization structure that will support strategy.
 - Developing a talent pool that will support implementation of strategy
 - Clarifying cross-functional working relationships as one means of articulating strategy

Payoff:

- An integrated concept of HR as a strategic function.
- An understanding of four interventions that positions HR as strategic rather than as soft and transactional.
- Resources for finding out more

Workshop agenda

8:00 a.m. Registration, getting acquainted, posting issues, & continental breakfast

8:30 a.m. Welcome & overview
The VPHR role in improving top team effectiveness

The VPHR role in designing effective organization structure

Noon Lunch in the room

1:15 p.m. The VPHR role in managing the talent pool.

The VPHR role in improving cross functional working relationships

Reflection, integration, next steps & formal close

4-5 p.m. Post-workshop informal discussion

Workshop Norms

- The focus is on action & pay-offs -- implementing strategy rather than on the details of the concepts or research.
- Workshop design is a “liberating structure”
 - Lots of good material
 - Carefully-designed and integrated
 - Balanced with time for reflection and participation
- The structure / agenda is on the walls.
- Write down your reactions & questions.
- Informal atmosphere with invitation and freedom to move around
- Time for talk at lunch & after the workshop.

Four powerful organization transforming interventions

The VPHR role in:

Improving top team effectiveness

Designing effective organizational structure

Managing the talent pool

Improving cross-functional alignment

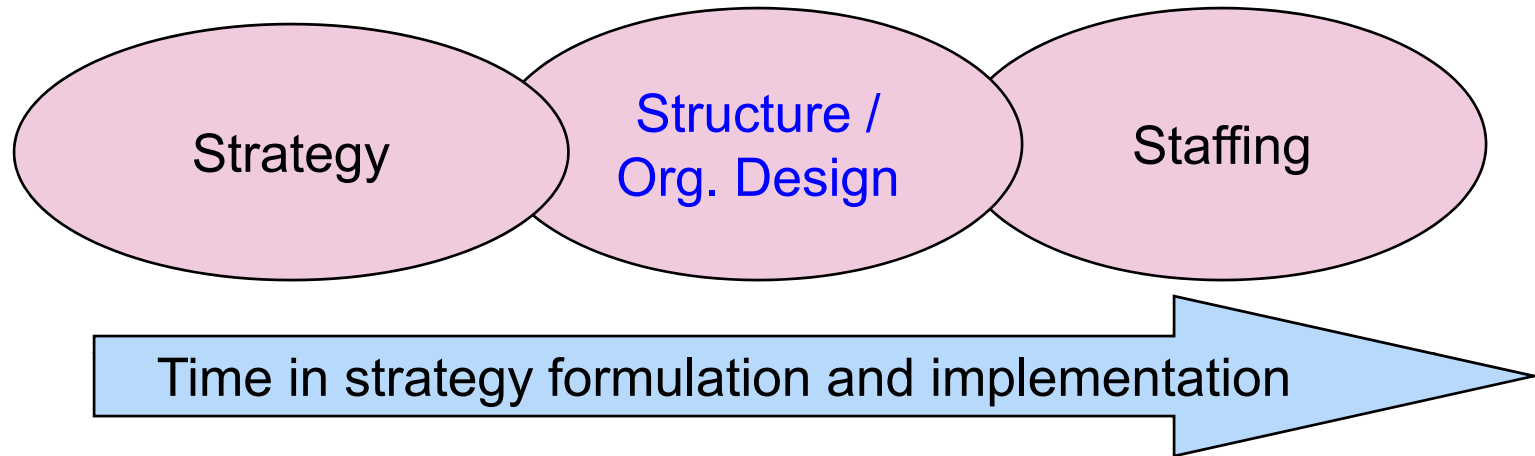
Designing trust-inducing organizations

Trust Inducing	Paranoiagenic
Equitable system of distribution of pay differentials related to differentials in levels of work.	Power bargaining over pay, or phony output-related bonus "incentive" systems.
Clear definition of accountabilities and authorities in lateral working relationships.	Leaving people to sort out their lateral working relationships by means of manipulation, personal networks, and power.
Managers one-stratum removed from immediate subordinates, in role and capability.	Managers more or less than one-stratum removed from subordinates and "breathing down their necks," or being "pulled down into the weeds."
Managers-once-removed mentoring subordinates-once-removed on career development.	No mentoring, no career development, no real awareness of employees' potential capabilities.
Employees well informed on the context of their work, and on company vision.	Employees in the dark about what is likely to happen and why they are doing what they are doing.
Authority in line with accountability.	Accountability without equivalent authority
Level of work in line with a person's level of potential capability.	Under-recognition and under-utilization of capability.
Regular feedback on manager's judgment of your personal effectiveness.	Absence of feedback from manager, leaving you in the dark about how well you are doing.
Authority as required by the work in the role.	"Empowerment" as a phony gimmick.
Team working a matter of individuals with individual accountability and recognition working together under an accountable managerial or project team leader.	Mish mash of obscure accountability and authority in "self-managed" or in "internally accountable cross-functional" teams with "sponsors," "coaches," "champions," etc.
Appointments and promotions based upon potential capability, commitment and knowledge.	Appointments and promotions distorted by gender, color, ethnicity, age, religion, network education, etc.

Most people prefer organizations that induce trust.

"Paranoiagenic" means "inducing mistrust".

Where does this approach fit in the management jungle of interventions?



Political frame

- Power coalitions analysis
- Bargaining & negotiations among interest groups

Structural frame

- Organization design
- Clarifying roles & policies
- Work systems engineering
- Rational planning systems

HR frame

- Training & development
- Theory X,Y, & Z
- Participation management
- Interpersonal & group dynamics

Symbolic frame

- Organization culture & rituals
- Symbols, myths, stories, fairy tales
- Values
- Deep personal transformation training

Features of Requisite Organization methods

A well-researched set of insights about the nature of work and human capability:

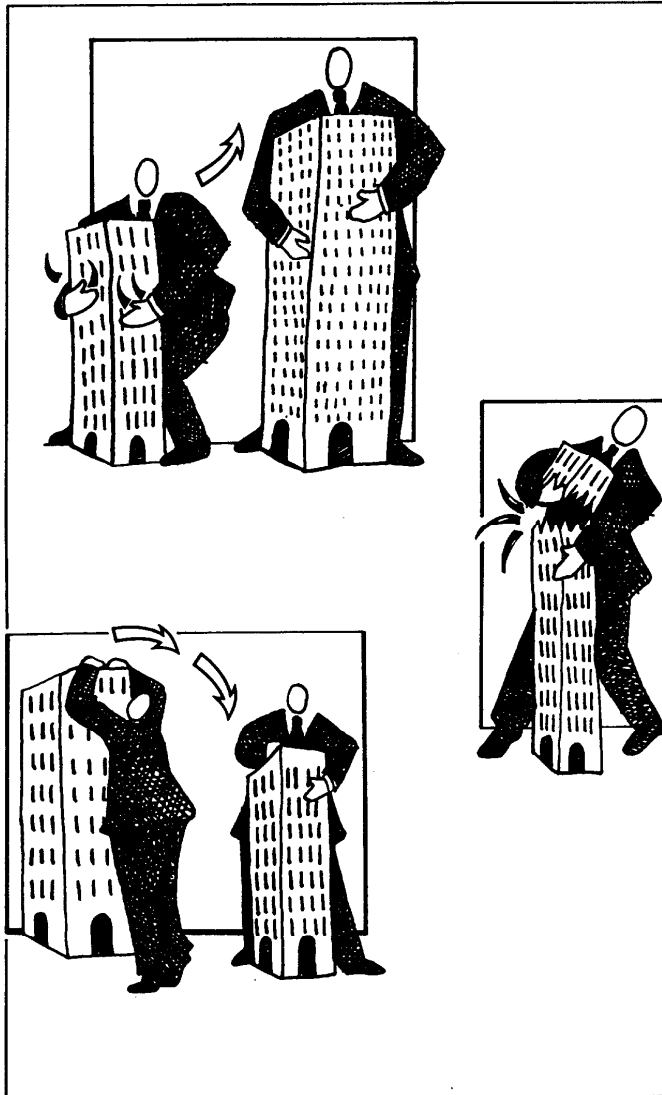
- Allows managers to carry powerful concepts in their working tool bag to make their own diagnoses & judgments in a time- efficient way.
- Supports managers in
 - Identification of root causes
 - Efficient diagnosis
 - Effective implementation.
- Eliminates on-going dependence on either bureaucratic staff analyses or consultants.
- Respects employees -- non-intrusive of their personal values or psychologies.
- Builds trust among employees
- Allow & requires managers to do their jobs.

Organization levels or strata and complexity of work

Stratum	Time Span	Role
VII	20 Y	Corp. CEO
VI	10 Y	EVP
V	5 Y	VP
IV	2 Y	Dept. Mgr.
III	1 Y	Unit Mgr.
II	3 M	Section Mgr.
I	1 D	Operator

“There are natural levels of work complexity, a required distance between each role and its manager’s role.”

Depending on capability a manager will often stretch or shrink a role - so proper staffing is critical



“As much as possible, make each role as big or small as is needed by strategy.”

The changing VPHR role

How do I integrate all of this?

New Approaches impacting the Organization

- Reengineering
- Competency-based selection & training
- Core competencies - Prahalad
- Balanced scorecard
- Quality improvement
- Succession planning
- Knowledge management
- SAP
- HRIS

Need to scan an increasingly turbulent environment

- Labour Force Trends
- Compensation
- Labour Relations
- Demographics
- Employment regulations
- Lifestyles and values
- Technology
- Political Trends

VPHR

Traditional transactional roles

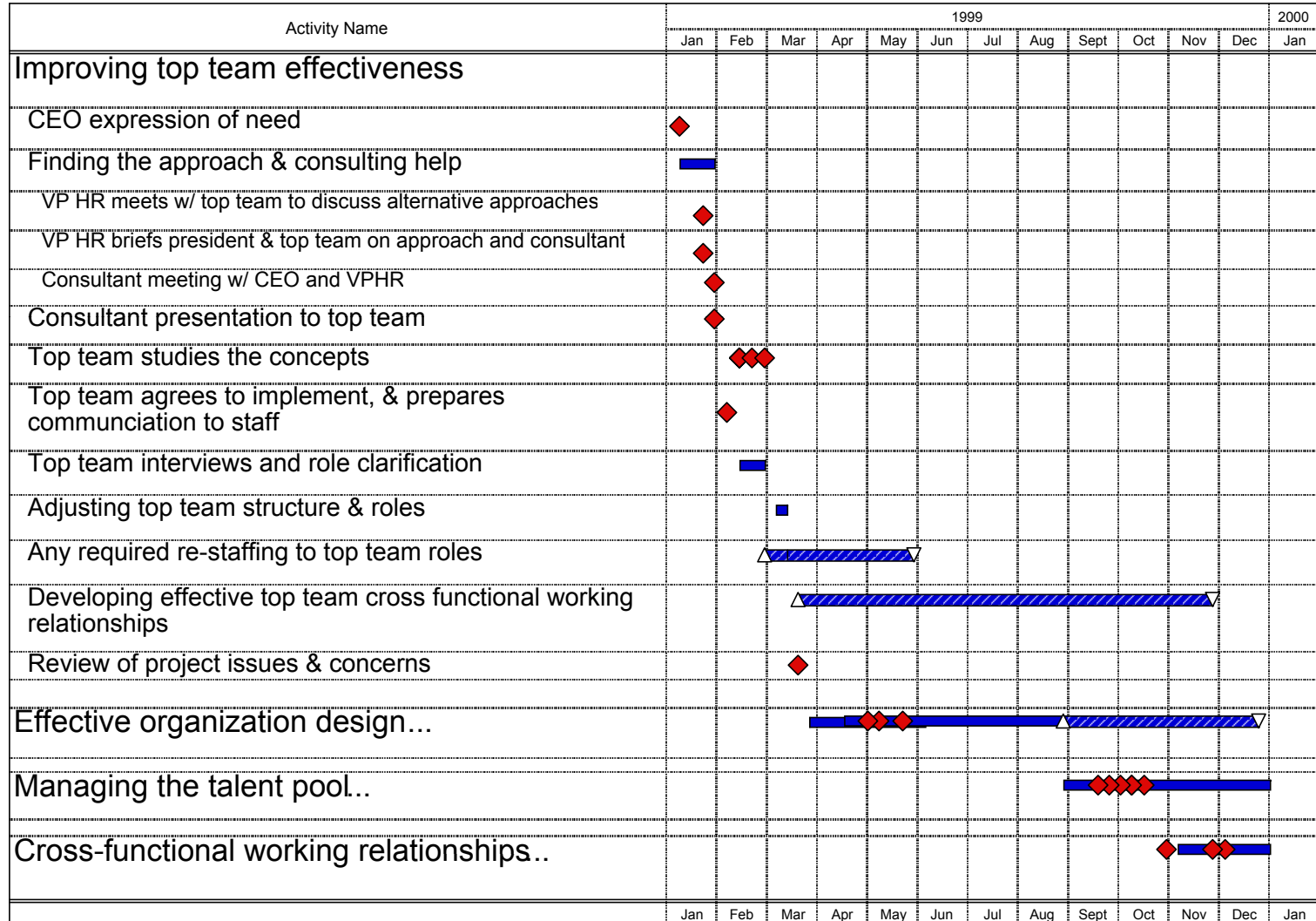
- Labour Relations
- Staffing
- Compensation
- Benefits
- Training & Development
- Health & Safety

The Case: Facts about Acme Canada

Type of organization	<ul style="list-style-type: none"> Wholly owned Canadian subsidiary of a European-based multinational corporation
Activities	<ul style="list-style-type: none"> Design, manufacture, market, sell and service integrated manufacturing systems, products and solutions. Canadian products marketed globally & visa vera.
Size	<ul style="list-style-type: none"> 1,000
World competitive environment	<ul style="list-style-type: none"> Industry globalization and consolidation. Fewer, stronger competitors Emerging technical & consumer markets. Intense price competition
Corporate headquarters new strategic directions	<ul style="list-style-type: none"> Create & dominate emerging opportunities, introduce whole new range of products to meet emerging demands. Achieve world class product quality standards. Acquire new products and technologies Increase product development speed. Re-engineer manufacturing processes; divest unprofitable factories. Integrate marketing & sales efforts to achieve faster new product recognition & share penetration. Core competency: "Product Innovation" through total systems integration, detailed facilities planning, product design, manufacturing, sales and technical service planning & technical support. Impacts of global consolidation. Competitors benefiting from their parent companies' new products. Customers becoming very busy, hard to get their attention
Canadian business environment	<ul style="list-style-type: none"> Double sales in 7 years. • Increase top-of-mind-recognition by 30% Increase market share 20% in 5 years
Canadian unit strategic objectives	<ul style="list-style-type: none"> Cut average product development time by 50% to 18 months within 4.5 years. Achieve 20% cost reduction in average manufacturing costs. Design and implement new organization design and systems to support new 5-10 year strategic objectives including building capacities doubling in scale. (VPHR Accountability for planning and advising CEO) ETC.

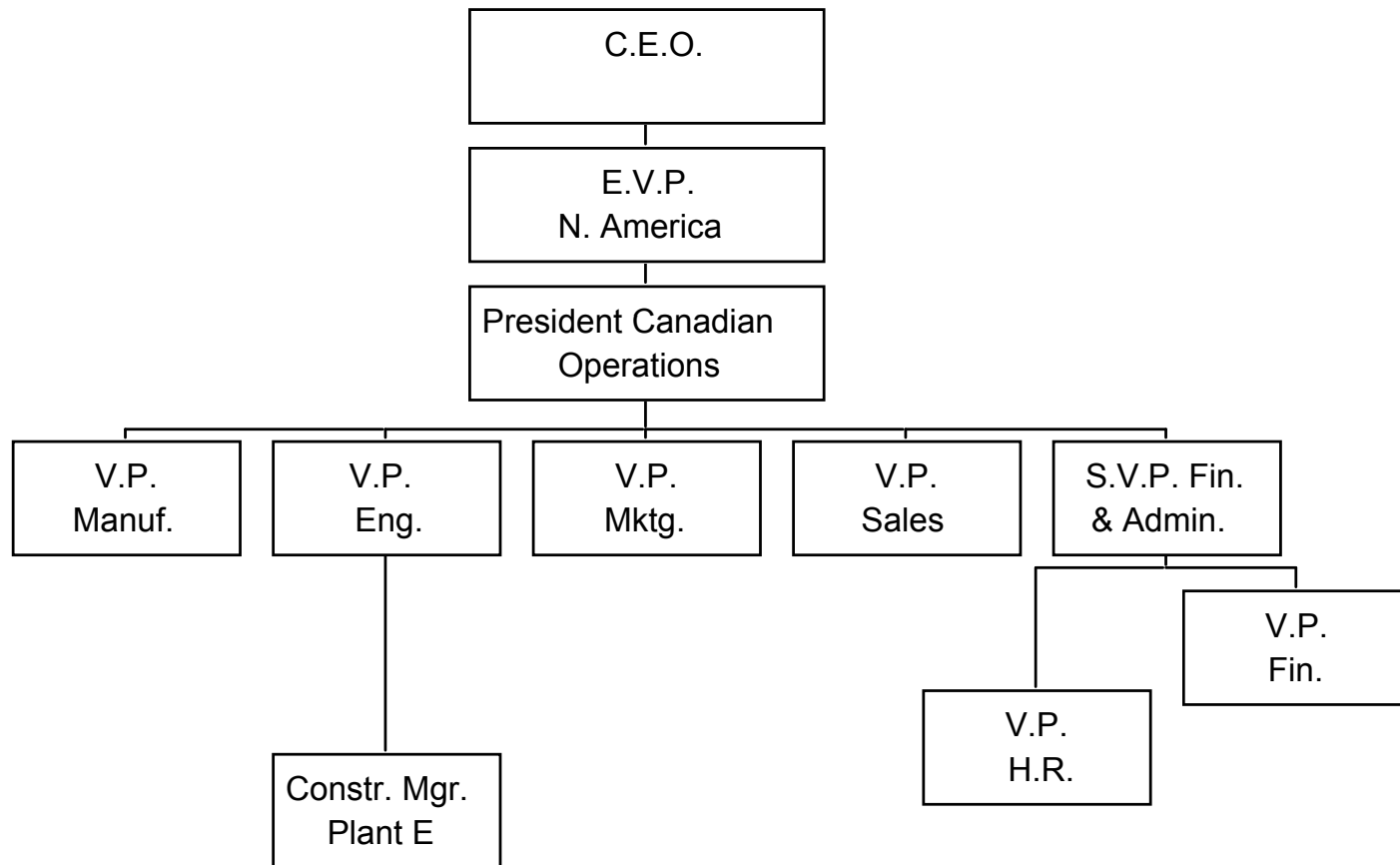
Four powerful organization transforming interventions

Improving top team effectiveness



Acme Canada manifest top team organization structure

“How the organization chart describes the structure”



Top team interview questions

For each subordinate:

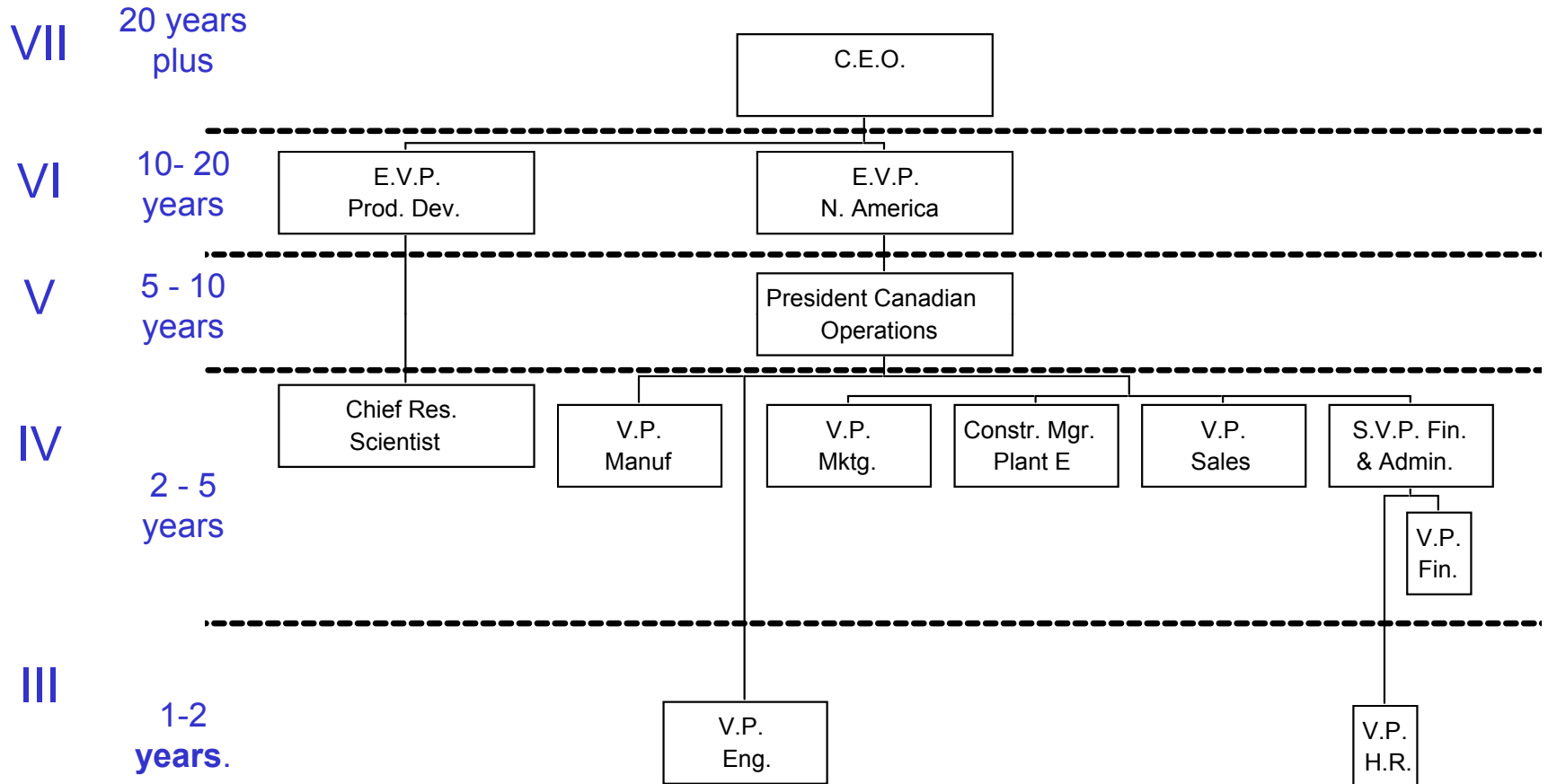
- What areas/issues does your subordinate work on?
- What are some specific tasks? What's the longest task?
- With what roles outside your department must s/he work? In what ways?
- At what level could s/he work assuming the appropriate skilled knowledge and desire? (Asked only of the President about the VP's)

Overall:

- What issues do you observe in the effectiveness of the top team?
- What perspectives are missing in the top team's discussions of strategy?

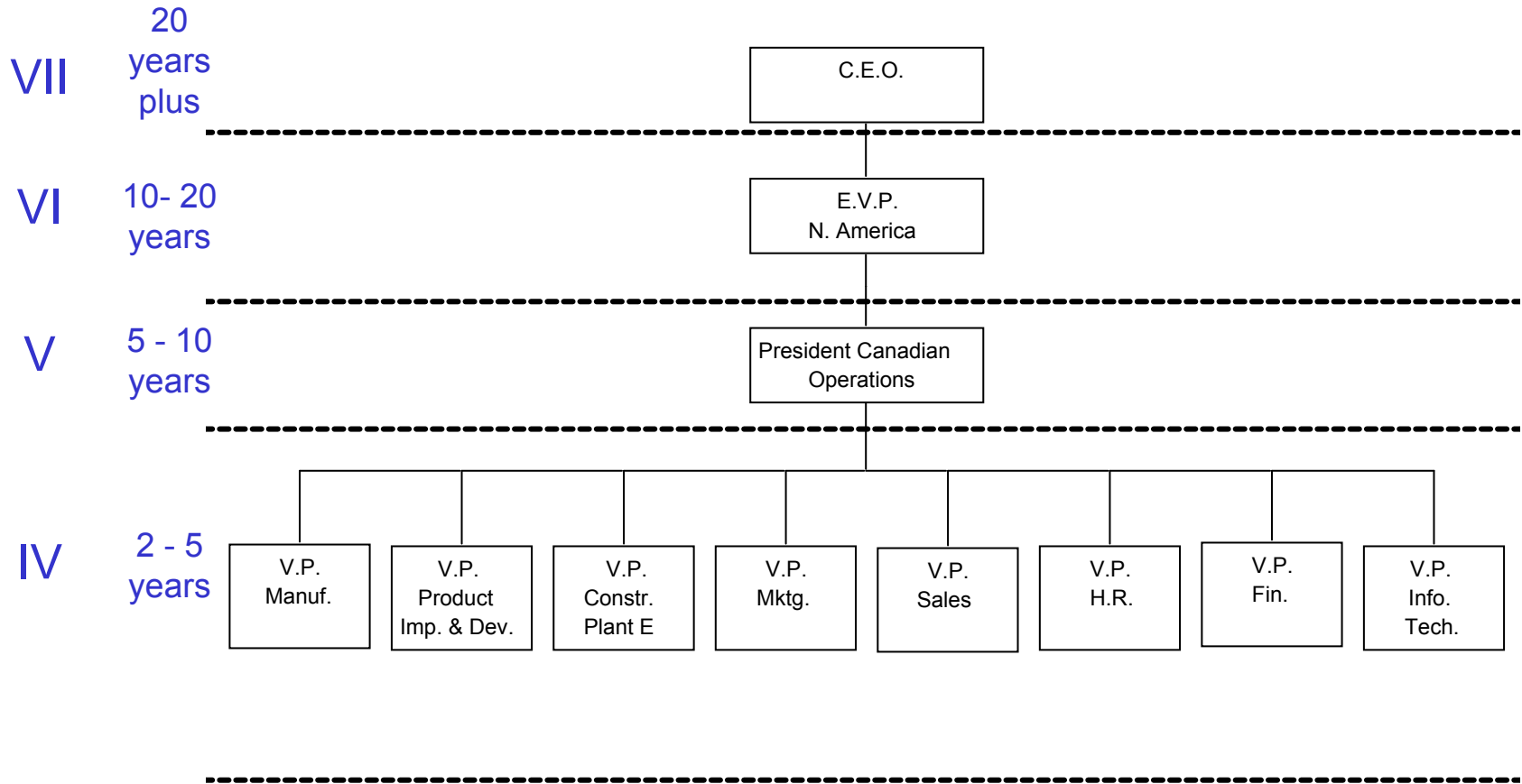
Acme Canada extant top team organization structure

“The way the organization really works”

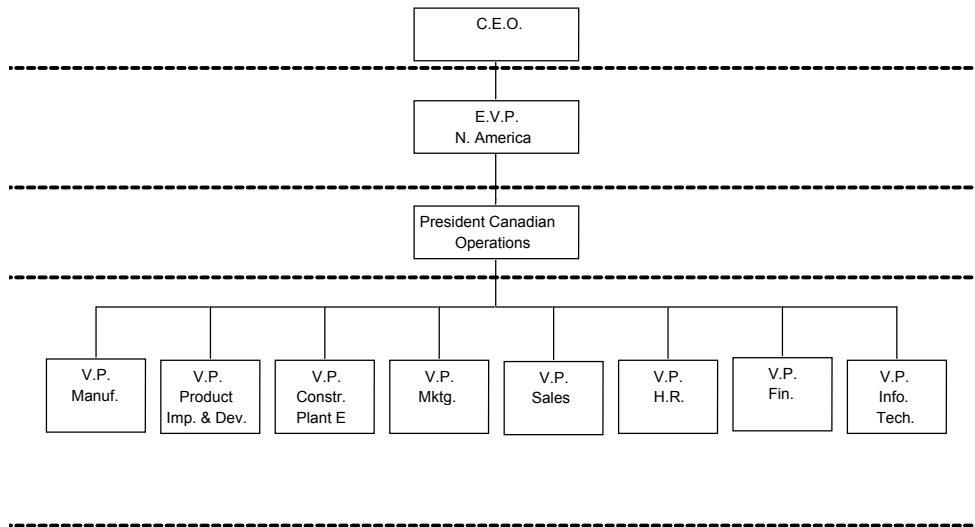


Acme Canada requisite top team organization structure

“What’s required by the nature of the work to achieve strategic objectives”



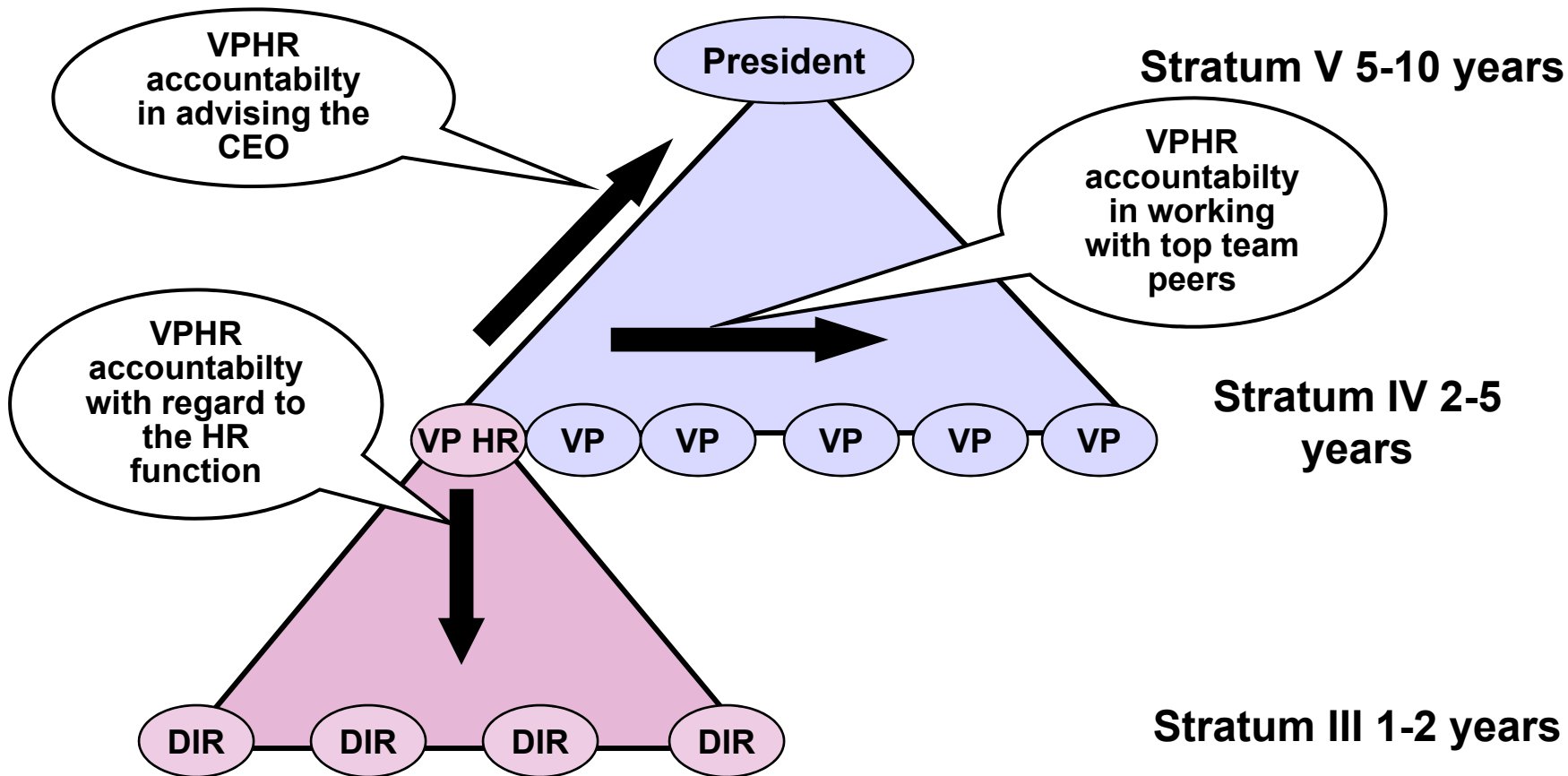
President and the top team: effective management practices



- **Setting context**
- **Two-way planning**
- **Assigning tasks**
- **Leading an effective team**
- **Setting collateral relationships**
- Ensuring continual improvement
- Coaching
- Providing on-going performance feedback (two-way).
- Evaluating personal effectiveness each year.
- Assessing compensation each year.
- Selecting and orienting new subordinates into their roles
- Removing subordinates from role

Clarifying top team accountabilities

The VPHR and their three areas of accountability

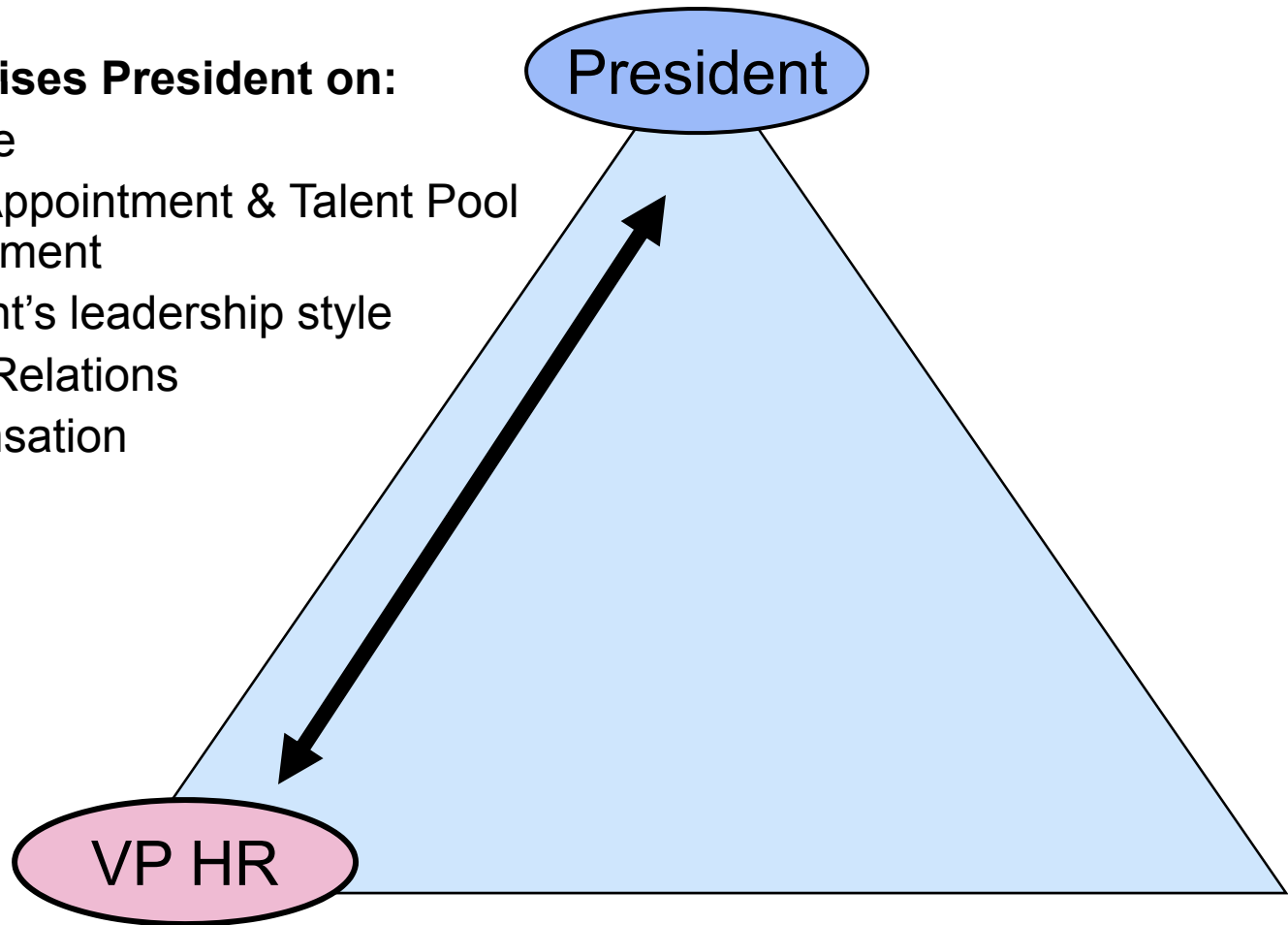


Clarifying top team accountabilities

VPHR accountability with regard to President

VPHR Advises President on:

- Structure
- Senior Appointment & Talent Pool Development
- President's leadership style
- Labour Relations
- Compensation
- Staffing
- Culture

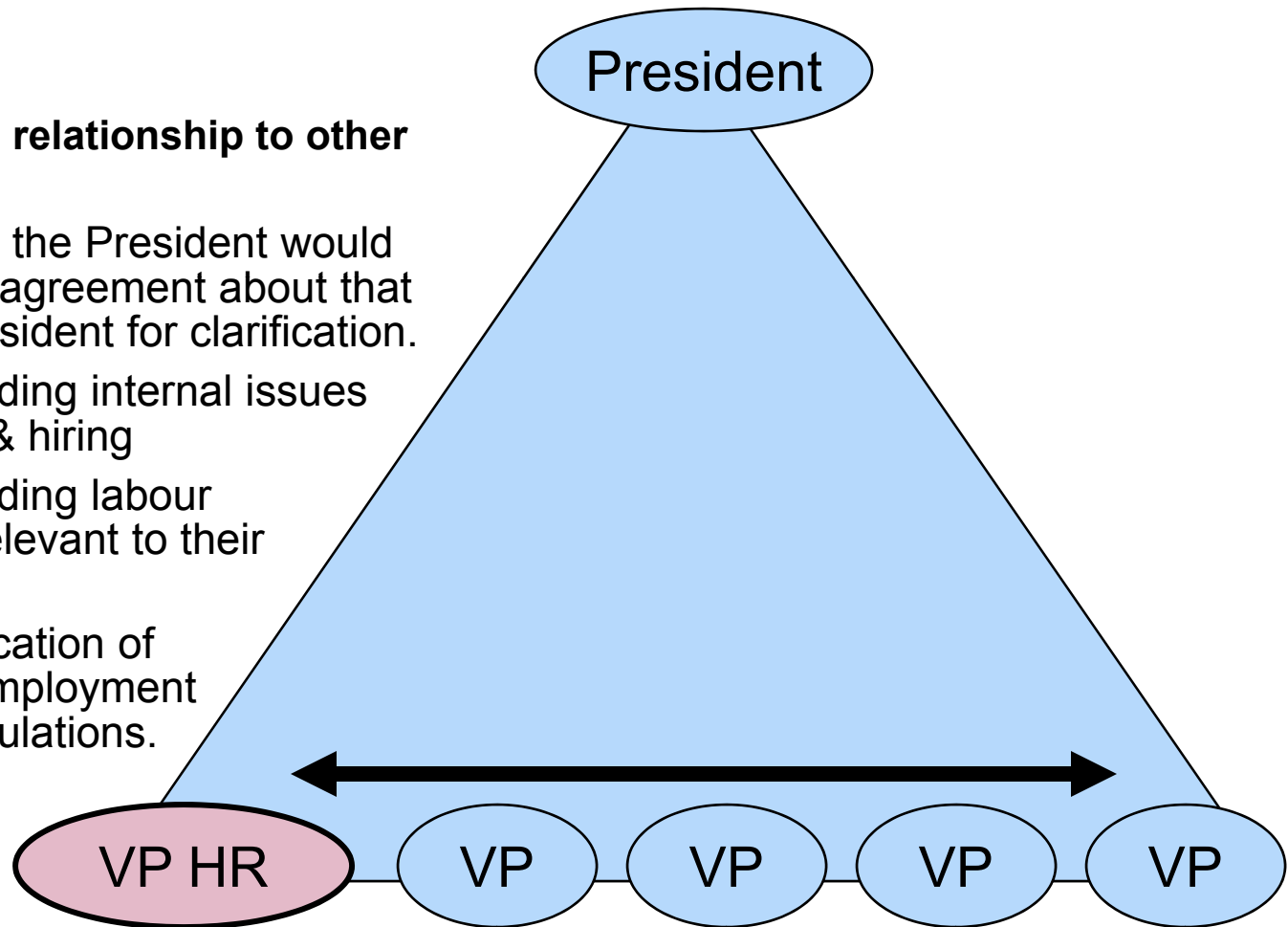


Clarifying top team accountabilities

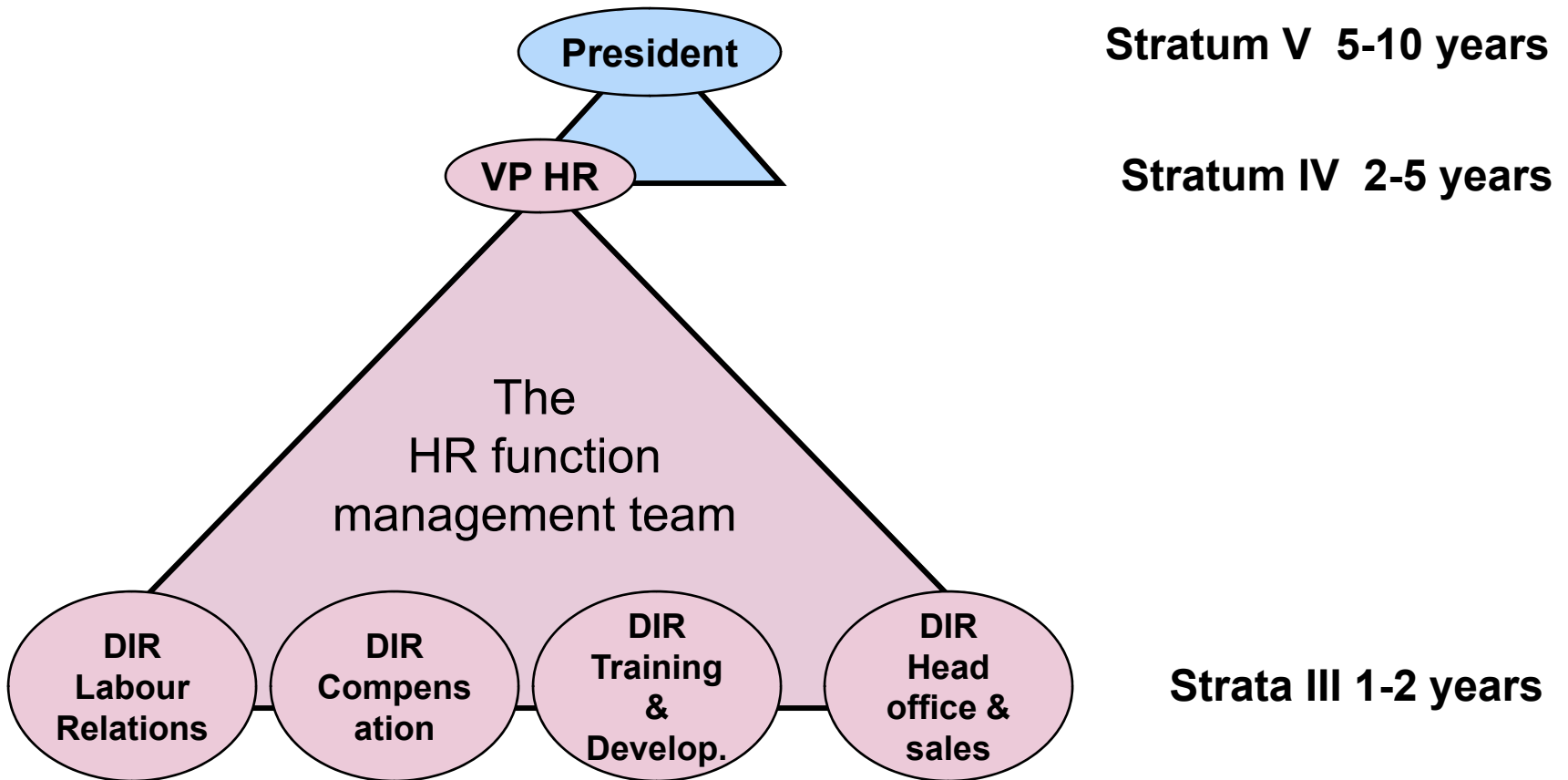
VPHR accountability with regard to top team colleagues

VP HR has collateral relationship to other VP's

- Work with them as the President would want. When in disagreement about that vision, ask the President for clarification.
- Advise them regarding internal issues such as structure & hiring
- Advise them regarding labour market changes relevant to their functions
- Monitor their application of policy related to employment legislation and regulations.

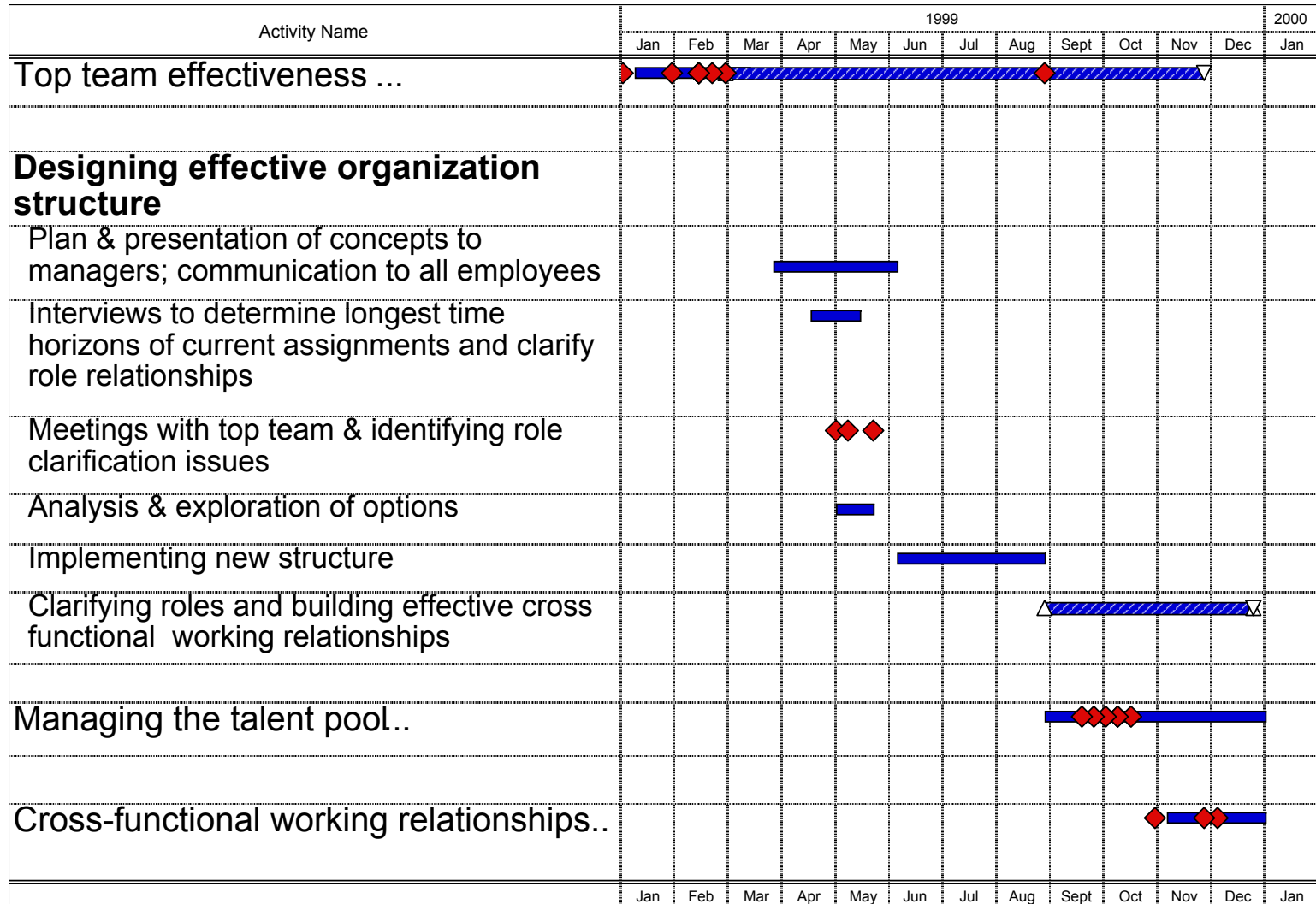


Clarifying top team accountabilities
VPHR accountability with regard to his/her task
assigning role relationship in HR functional team

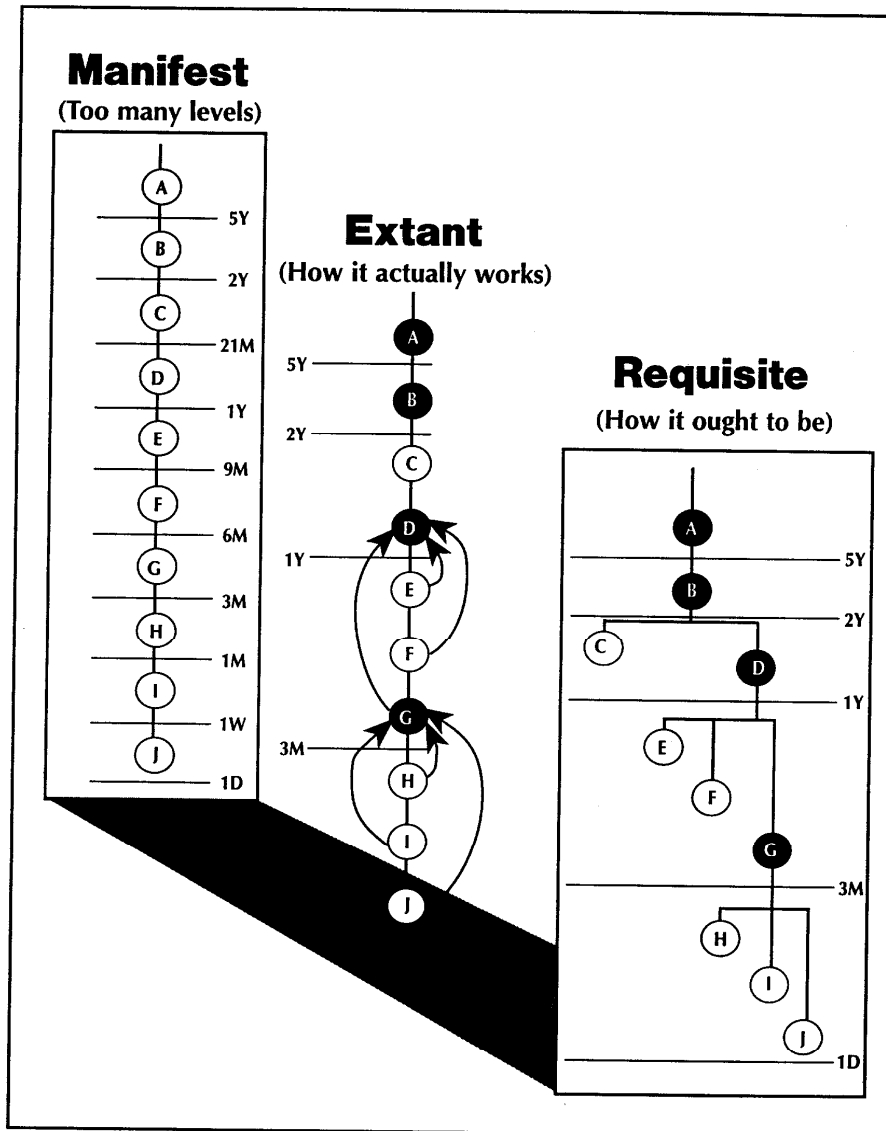


Four powerful organization transforming interventions

Designing effective organization structure



Ways to look at organization structure



Manifest organization

“the way it’s shown”

Extant organization

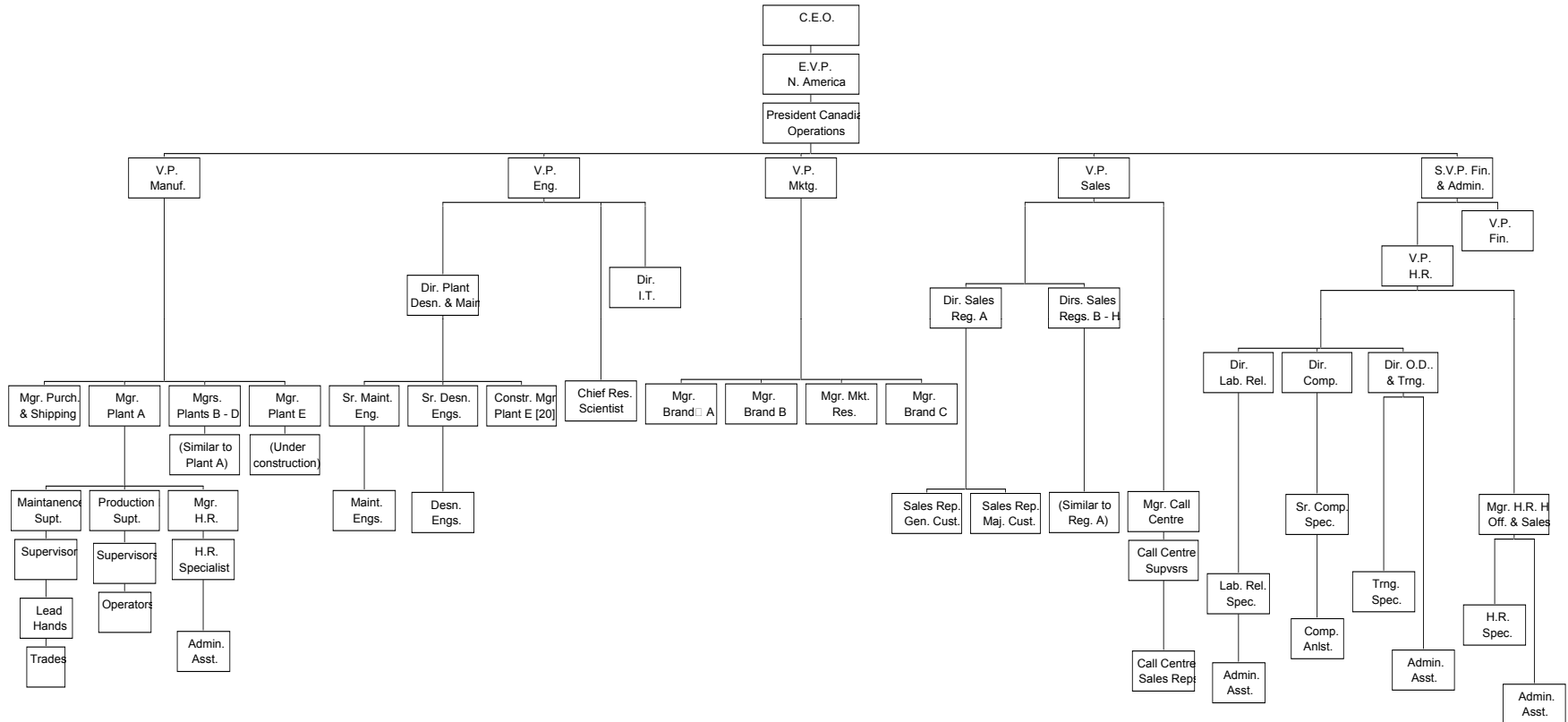
“the way it actually works”

Requisite organization

way it’s needs to be required by the nature of the work desired to be done.”

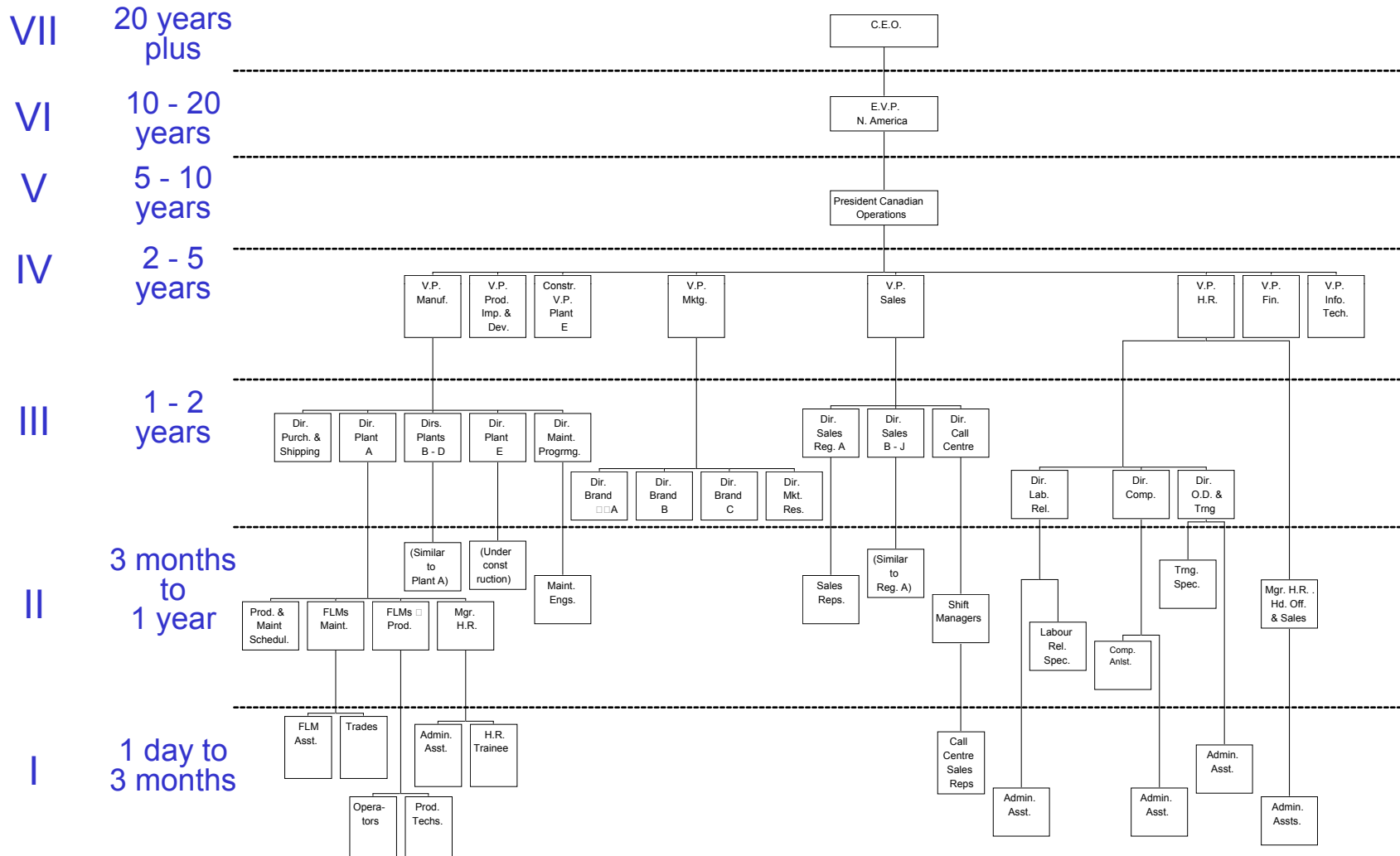
Acme Canada manifest organization structure

“How the organization chart describes the structure”



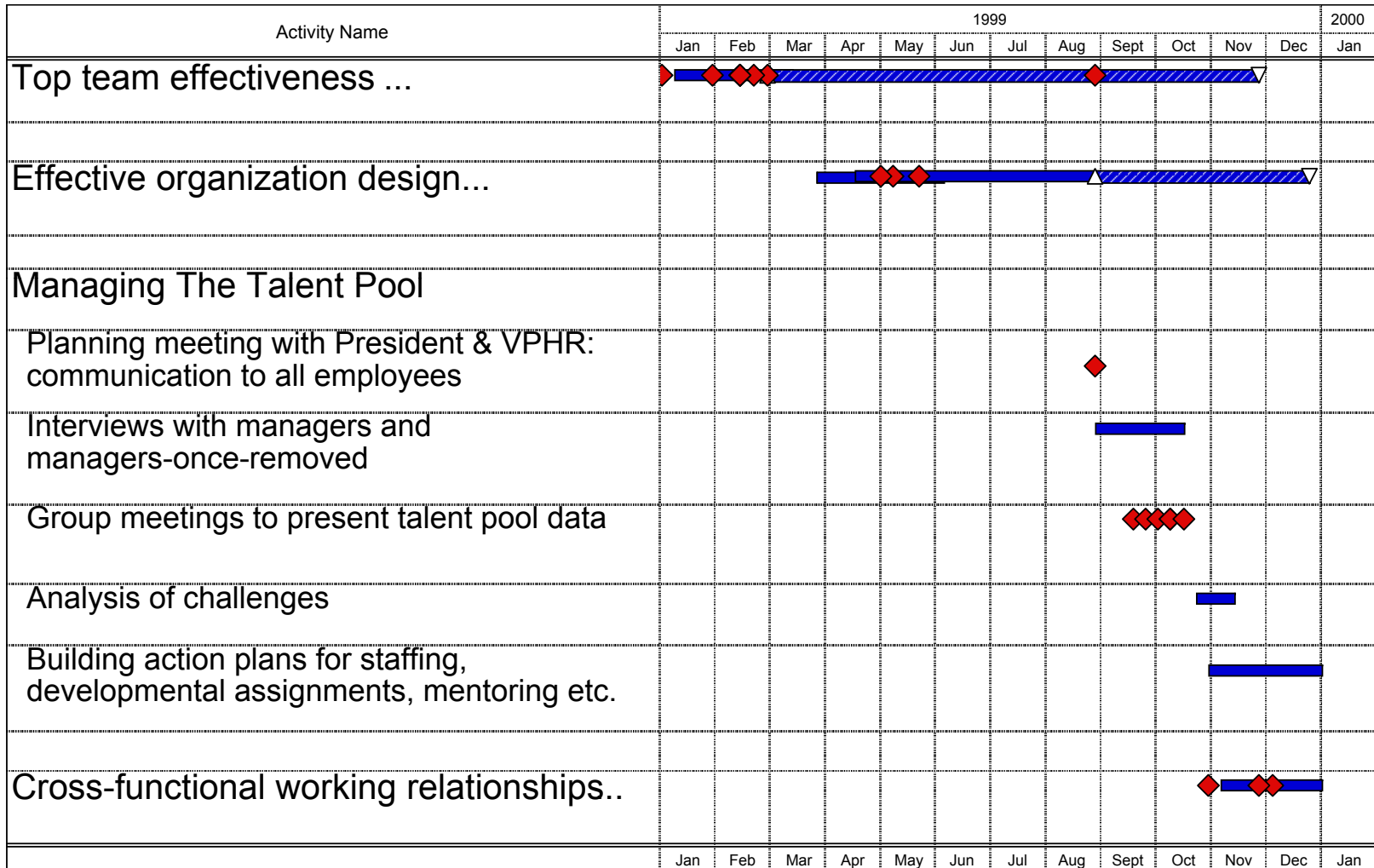
Acme Canada requisite organization structure

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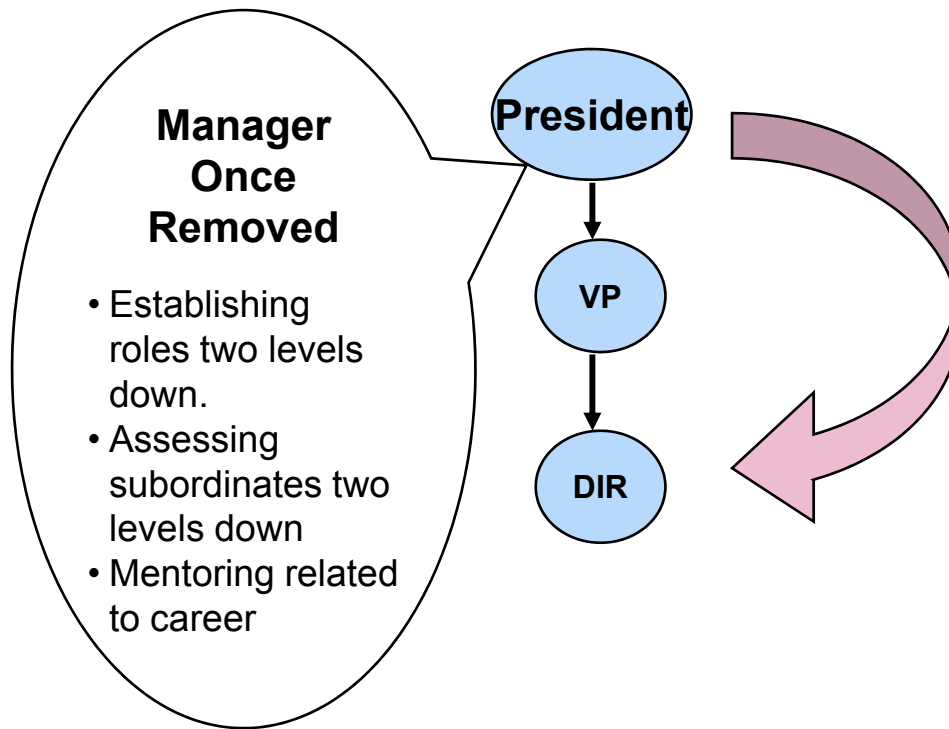


Four powerful organization transforming interventions

Managing the talent pool



The role of the manager-once-removed in managing the talent pool



- Establishing roles two levels down
- Assessing the quality of managerial leadership
- Assessing subordinates two levels down.
- Mapping the talent pool
- Reviewing and developing the talent pool

Preparing reports on talent pool data

Stratum III 2 - 5 years

L. Bouchard 31
S. Smith 33
R. Richard 38
S. Singer 39
Y. Yazoo 45
Z. Zebra 48

Stratum II 1 - 2 years

A. Shapiro 25	E. Ewing 41
J. Sterling 31	F. Fowler 43
A. Albert 33	G. Gold 45
B. Brown 35	H. Hendricks 47
C. Crowley 37	I. Inohue 51
D. Davis 39	J. Jones 53
	K. Kennett 55
	L. Lawrence 56
	M. Mosley 58

There are various ways of preparing the reports on talent pool information. For example:

The **President** would see data for the entire organization from his/her immediate subordinates through the high potential Stratum II employees.

The **top team** would see data on their immediate subordinates through the high potential Stratum II.

Each **VP** also would see data (in a report shown to the left) on all employees in their function from their immediate subordinates to Stratum I capable employees.

Four Components of Capability

1. Mental complexity: raw mental horsepower, complexity of judgment
2. Skilled knowledge: working understanding of how to perform certain kinds of tasks
3. Values: willingness to commit to certain kinds of tasks
4. Ability to behave reasonably: absence of psychological problems that would keep the individual from working effectively on as tasks s/he wants to

Two kinds of capability

Current potential capability:

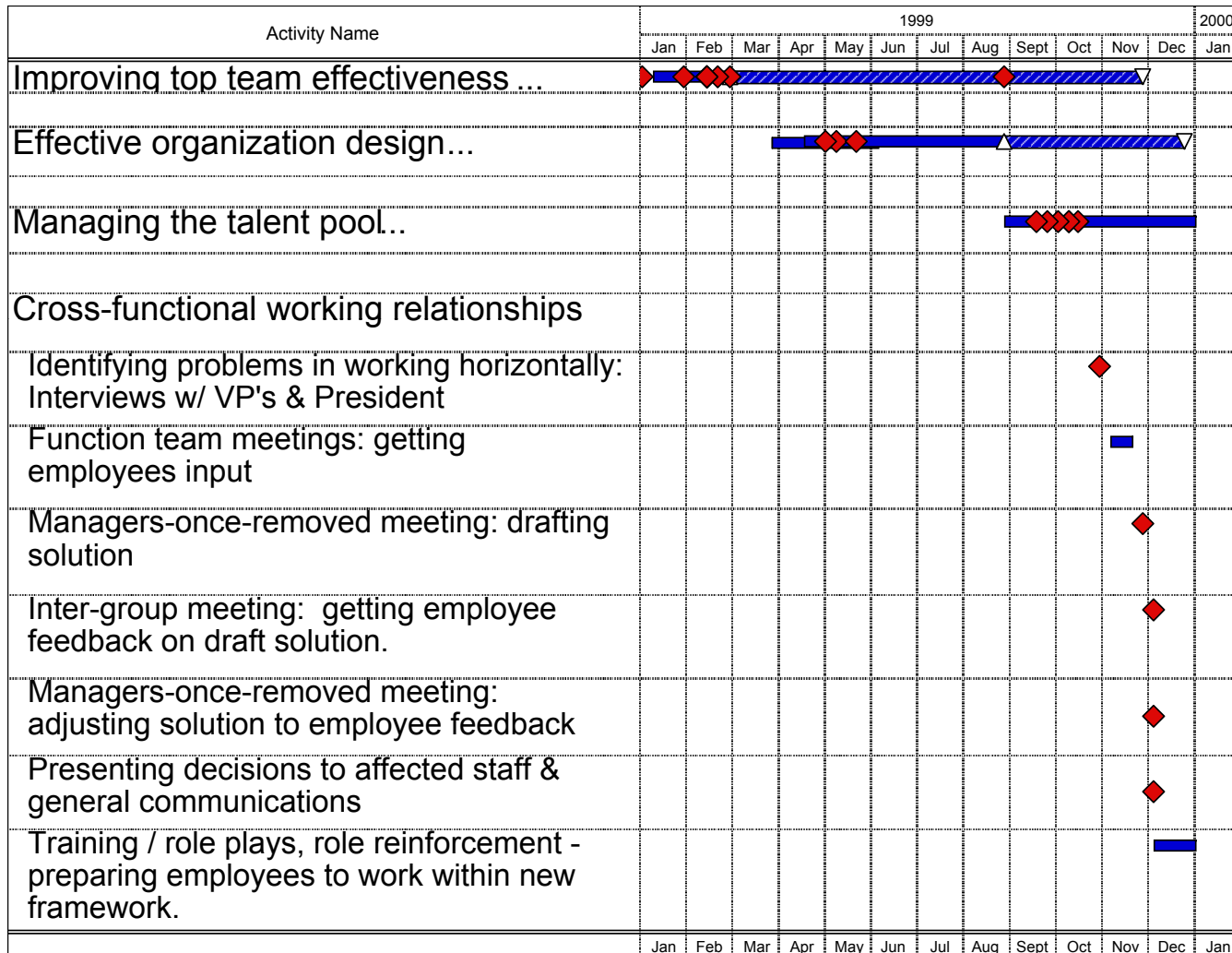
What the individual could currently do had s/he the necessary skilled knowledge, values, and ability to behave reasonably. Determined by current mental complexity.

Current applied capability:

The level at which the individual currently works. Determined by mental complexity, skilled knowledge, values, and ability to behave reasonably.

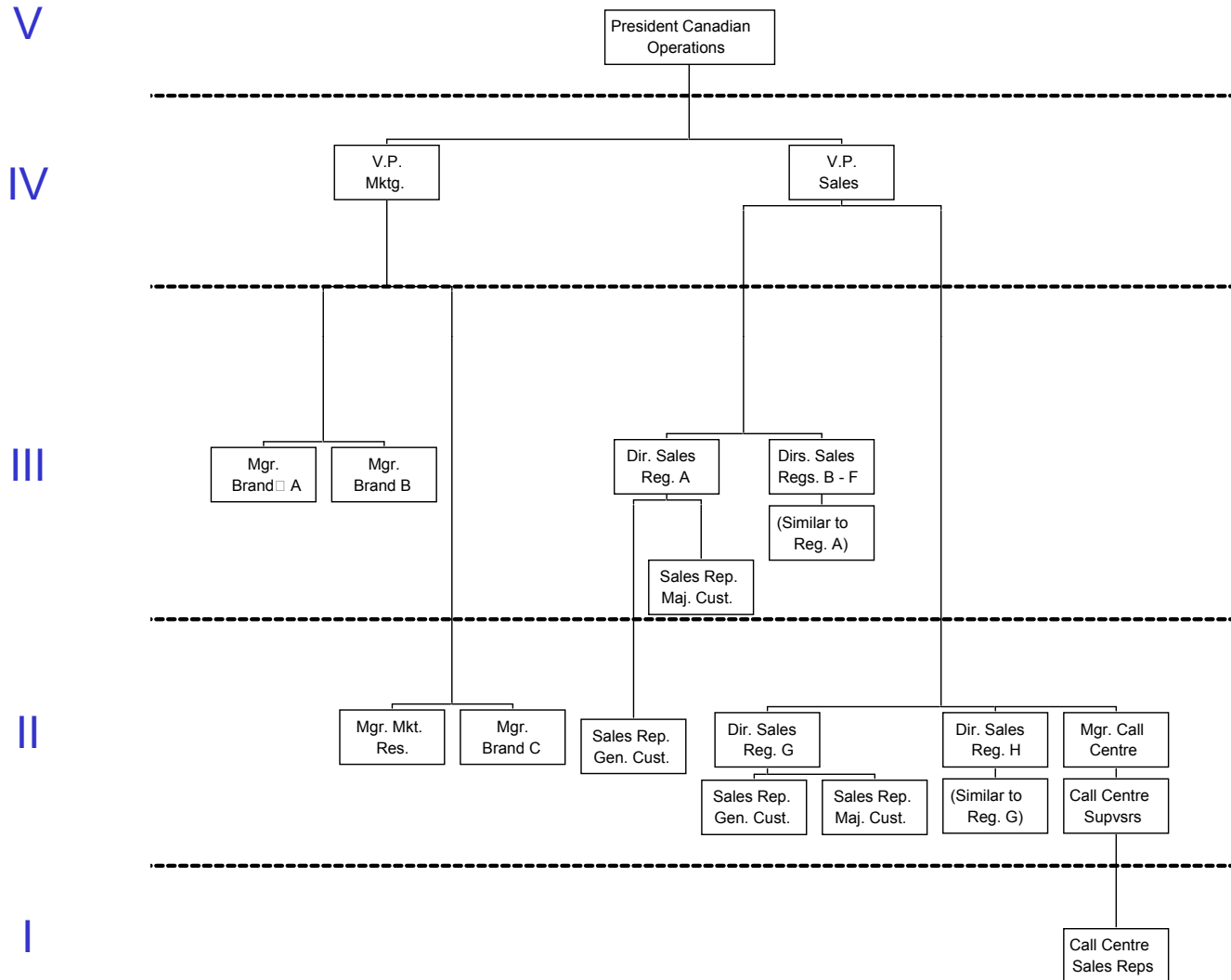
Four powerful organization transforming interventions

Improving cross functional working relationships



Marketing and sales departments: extant organization

“The way it really works”



Six cross-functional working relationships

Getting help for one's work:

- Service getting: provide this service when I want, if you can.
- Coordinating: meet together so we can coordinate our work

Affecting others' work

- Advising: Consider this advice
- Monitoring: Stay within this policy. (I may appeal if you don't.)
- Auditing: Stay within this policy. (You appeal if you wish.)
- Prescribing: Do this.

Cross-functional working relationships for Regional Sales Director

Tasks to initiate with others

- Service getting: Brand Director must give information, training, strategic input.
Reg. Sales Dir. gives feedback on programs
- Monitoring: Brand Director must consider changing draft Brand Plan to support regional strategy
- Coordinating: Brand Director sits on Regional planning committee

Tasks initiated by others

- Service giving: Provide Brand Director with feedback on programs
- Being coordinated: Sit on Brand planning committee
- Being advised: Listen to Brand Director's advice on opportunities and threats.

Cross-functional working relationships for Marketing and Sales Departments

Role Relationship Matrix	Sales Rep Responds	Regional Sales Director Responds	Brand Director Responds
Sales Rep initiates	<ul style="list-style-type: none"> • COL/SER: give information • COL/SER: Strategic input 	<ul style="list-style-type: none"> • SER: Input into strategy 	<ul style="list-style-type: none"> • SER: Information, training, insight, give input into strategy, give new product information. • ADV: Develop sales materials, attend to opportunities & threats to act on
Regional Sales Director initiates			<ul style="list-style-type: none"> • MON: Change draft Product Plan to support regional strategies • COR: Meet re regional sales. plan • SER: Information, training, insight, develop sales materials
Brand Director initiates	<ul style="list-style-type: none"> • SER: Provide feedback on programs, give information, give strategic input, help design/ deliver training • ADV: Re opportunities & threats to act on • AUD: That positioning of products stays within strategy 	<ul style="list-style-type: none"> • SER: Provide feedback on programs, help design/deliver training, give information, help monitor success of strategies, give access to all sales plans in region • COR: Help form, approve Product Plan • ADV: Re opportunities & threats to act on 	

Possible Next Steps

- Finding learning resources
 - Books, audio tapes, people to talk to
- A presentation to your top team to “beta test” the approach in your organization.
- A workshop on organization design to your senior managers
- Injection of “effective management practices” into your management development program
- A pilot project to re-design your HR function

Glossary

Ability to behave reasonably: Absence of psychological problems that would keep an individual from doing what s/he wants to, e.g. alcoholism, uncontrollable rage, panic, etc.

Accountability: The requirement to work to someone else's satisfaction or to accept the consequences .

Assign a task: Make an employee accountable for working effectively on the task.

Collateral relationship: The relationship between two subordinates of the same manager. They are to work with each other as their manager specifies and to go to the manager for clarification when in disagreement about how the manager would want them to work with each other.

Cross-functional working relationships: Relationships in which one role (A) has the authority to initiate specified types of tasks with the other role (B).

Relationships for getting help with one's work:

Service getting: A has the authority to request a specified type of help from B and to request a time by which that help would be provided. B is accountable for giving the help but may specify a different time if s/he cannot provide the service when requested.

Coordinating: A has the authority to call B₁, B₂, B₃, B₄, etc. together to coordinate plans and to monitor their work for compliance with a specified plan.

Glossary - continued 2

– Relationships for having input into another's work:

Advising: A has authority and accountability to give B unsolicited advice about a particular issue. B is accountable to listen to the advice but need not take it.

Monitoring: A has authority and accountability to see that B's work is consistent with a specified plan or strategy and may request B to stop work that is inconsistent. If B does not comply, A may escalate the matter to his/her own manager.

Auditing: A has authority and accountability to see that B's work is consistent with a specified plan or strategy and may instruct B to stop work that is not consistent. B must comply, but may escalate the matter to his/her own manager.

Prescribing: A can tell B what to do. (Prescribing is restricted to issues where health and safety are at risk.

Current applied capability: The level of effectiveness an employee currently works at. Determined by mental complexity, skilled knowledge, values and commitment, and ability to behave reasonably.

Current potential capability: The level of effectiveness an employee could currently work at had s/he the necessary mental complexity, skilled knowledge, and values and commitment. Determined by mental complexity.

Effectiveness: How well an employee works on assigned tasks. Effectiveness is an assessment of the employee's work on a task, not a measure of output.

Employee: Someone who accepts compensation for accountability for:

Working effectively on tasks assigned

Informing manager when outputs will differ from those assigned

Giving manager one's best advice

Making decisions with team members according to context set by manager

Working within the organization's policies.

Glossary - continued 3

Empowerment: Being in a work environment that allows one to do one's best work, achieved through:

Role aligned with capability

Tasks aligned with the role

Resources aligned with accountability

Manager who provides context/value

Initiate a task: Make an employee accountable for starting work on a task that has been assigned to the employee.

Leadership: The ability to set a direction and gain people's willing commitment to it.

Manager: An employee accountable for:

subordinates' outputs

exercising leadership

building a team

continuous improvement

Mental complexity: Raw mental horsepower. Complexity of judgment in decision making.

Output: The result of the employee's work. Determined by effectiveness, resources, and opportunity.

Responsibility: A feeling of obligation.

Role: A position in an organization with defined areas of accountability,

Skilled knowledge: One's working understanding of how to achieve a particular type of task.

Glossary - continued 4

Stratum: A band of roles of similar complexity as measured my time span

Str. I 1 day - 3 months

Str. II 3 months - 12 months

Str. III 1 year - 2 years

Str. IV 2 years - 5 years

Str. V 5 years - 10 years

Str. VI 10 years - 20 years

Str. VII 20 years - 50 years

Str. VIII 50 years - 100 years (only in a few very large corporations)

Task: A **quantity** of output to be achieved within **quality** standards within a **time** target using specified **resources**. **QQT/R**

Time span of a role: The intended length of the longest task in the role.

Any task, not the most important task or most obvious task.

There will be shorter tasks within the role as well.

Time span indicates the longest the incumbent could possibly work marginally

below standard before the manager would find out.

Note: time span measures the complexity of a role. Length of a task does not measure task complexity.

Values and commitment: An employee's interest in and willingness to apply his/her potential capability to a given type of task.

Buenos Aires Organization Design Project

Auspiciantes



GO Global Organization Design Society



Atilio Penna y Asoc.



Usuarios de los conceptos de la Organización Requerida





GO Global Organization Design Society

GO SOCIETY PURPOSE AND VALUES STATEMENT

To support the organizing of work in a responsible, fair and healthy manner in which people are led in a way that enables them to exercise their capabilities.

The Society believes this requires applying a systems framework* emerging from reflective inquiry in which levels of work and capability are the initial paradigm and growth in human awareness is the essential process.

The benefits are organizational effectiveness, fulfilled people and organizations designed for value-creation, sustainability and social well-being.

Note: inspired by the work of Wilfred Brown and Elliott Jaques

The *Global Organization Design Society* was founded in 2004 to establish and operate a worldwide association of business users, consultants, and academics interested in science-based management to improve organizational effectiveness.

The GO Society fulfills its purpose by:

- Promoting among existing users increased awareness, understanding and skilled knowledge in applying concepts of Levels of Work Complexity, Levels of Human Capability, Accountability, and other concepts included in Requisite Organization and/or Stratified Systems Theory.
- Promoting among potential users of the methods, appreciation of the variety of uses and benefits of science-based management, and access to resources. The GO Society supports the learning and development of current and future practitioners by holding world conferences and professional development workshops, publishing books and a journal, and maintaining a resource-rich web site with related articles, monographs, books, videos, blogs, discussion groups, and surveys.

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