

As part of our Tomorrow's Executive series of articles we bring you: organisation transformation and the 'Growth Leader'

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Building Tomorrow's Organisation

Improving the capability of an underperforming business unit's is a fast and efficient way of improving profits and growing income.

To get it right, we believe transformation should be embedded in the company as a permanent, forward-moving, capability-building solution, whilst a project imposed on the organisation maybe the start point, real results come from a sustainable solution delivered by leaders that understand how to grow their business and build trust.

This best practice guide outlines 10 simple steps to getting the best out of your people.

Note that most people jump straight to step 6 – leaving out the all-important groundwork. But a key task for the successful leader is to ensure that his or her organisation realises that thinking and understanding are as important as executing.

And approaching transformation in the right order helps you save time and money: too often companies change their whole organisation first, and only afterwards do they check to see if they've actually got the right people in the right roles. So the growth leader needs to take a strategic and pragmatic look at their business.



1 Take a look at your business model with fresh eyes

How do you make money? What is the value you create – is it what and where you think it is? How important is the actual product you deliver to your EBIT (earnings before interest and taxes)? How much of the value can be attributed to more intangible assets, such as your customer relationships or leadership qualities?

Thoroughly defining your business model will help you articulate how you create value to your customer. This sort of analysis often demonstrates that people skills and relationships are much more important than you realised. So make sure you have a structure that enables you to create as much of that value as possible.

In this context it is important to be clear about who makes up your market today, and your position in this market. Are you a premium or transactional provider? Who are your competitors now, and what will your competition look like in the future?

Take a look at your customers' value chain to confirm that your business model truly serves them in the best way possible. For example, if you were a supplier to Nokia, you would need to analyse the current needs of mobile consumers, and predict their future needs. This allows you to trend forecast the future and build likely change scenarios into your business plans.

At this stage, a perception analysis would be a valuable tool for understanding how your customers feel about you, and where your value creation actually lies. This will tell you how the customer feels about you and your future – it is much more than just whether you satisfy them. And finally, look objectively at yourselves. Do your leaders represent your customers, are your people serving your customers or your managers. And do your processes exist because of history, or because they efficiently and effectively align your operating manual to your customers' needs.

2 Develop and test a future-proof competitive strategy

Understanding your business model and how it will develop, will help you adjust your company's strategy as needed. Ask yourself how you must change to achieve future results, and then compare your answer to where you are today. What activity do you need to implement to close the gap?

Having to build up a clear picture of your business by calibrating input from stakeholders and customers, and by examining competitors' behaviour, you can then create a strategy that addresses the key questions above.

Success in business depends on understanding where value is really created and putting that at the centre of your business strategy.

But people make strategies work – as well as understanding where you need to be, can you describe the journey between today and the future, in a way that is clear and compelling for employees, customers and stakeholders?

3 Define your customer engagement model

How does your company build relationships with customers, and who builds these relationships?

Understanding – in detail – how you connect and engage with customers today is the first step towards establishing a closer relationship with them in the future. Often the service provider's contact with the customer's organisation relies on one or two managers dealing with a select few client leaders. This is seen as an old-fashioned way of maintaining relationships with clients.

A more resilient and sustainable way is to enable your employees to establish a wide network of relationships with client contacts. The successful Leader positions his people in deeper, stronger and broader networks. This will make your relationship less vulnerable to risk and change. Imagine two triangles pointing to each other tip to tip. That's the Customer Leader working with a few key executives and your customer. Now turn your company round to make a diamond – a myriad of orchestrated connections at all levels, enable by a Growth Leader marshalling and connecting people.

4 Review and update your operating model

What is your organisational structure? How do you work? What processes are being used, and what processes do you need to make things flow even better? Where are efficiencies, contact points, handoffs and bottle necks?

Firstly, you need to focus on how each department is structured, and then – importantly – on the interaction between those departments. How do projects and information flow between your marketing, sales and operations departments? By understanding how they interact you can create the value you are aiming at and drive

the voice of the customer into the heart of your business.

Reviewing your operating model will also enable you to establish the right scorecard for measuring the business overall and by team. It will also enable you to define your wanted position and measure the gap between it and where you stand today. It seems beyond doubt that you get what you measure. But in addition to providing direction, does what you measure generate intelligence about what your customer is doing and will do in the future.

5 Describe and communicate the future

With updated insight into what your organisation needs to look like, you are now able to define the capabilities you need to succeed. What does 'good' look like for the leaders you need and the functions they will lead?

And how are you going to get there?

Change is a matter of moving ideas into actions. It is not enough to explain the strategy, you also need to help people interpret it, build trust and ensure pace in execution.

Make sure you describe how to move people from old ways of working to new,

improved ways – and if you want them to move faster, explain why.

For example, you might conclude that your sales manager's job description must change – both in terms of practical tasks and competence, as well as social skills.

Make sure your organisation and others who need to know, like your HR teams and service operation, understand what your wanted change looks like, how the transition will be measured and why it is needed.

Do this by outlining and communicating your change strategy – and its practical

implications – to leaders, customers, employees and other stakeholders. And the more it explains things simply in their own terms, the sooner you pass through the change process and start to get higher performances.

At the same time, you need to define transformation metrics to measure that the

change actually happens on an individual, personal level (change in leadership, culture, productivity, customer satisfaction, etc.). Transformation has only happened if you can measure it, and accelerating its rate means recording and publishing progress all the time.

6 Assess capability

The previous steps have brought forth many key answers, including what kind of people you need. Now you must decide on the exact capabilities you need for the future, in order for your developed operating model to work and your strategy to come to life.

Assessing the capabilities you have today against a clear picture of the future will help you identify and measure potential in individuals, teams and organisations, and spot capability gaps.

Not only will the assessment describe the new roles in your organisation in a way that is practical and personal to participants and their managers, it will also let the company know if the employee is able to work within the newly defined operating model. Such an assessment will help you make a cost-effective and swift decision about how to develop people, deploy people and

resource plan. Crucially it will also help all those involved understand the required change in a granular and practical way, so they can start to act differently.

Put down the essence of your assessment findings in writing. This will add clarity and help focus the whole organisation around a common understanding of what needs to be done.

And accrediting those who can operate in the new model, while developing or re-deploying those who cannot, makes the change take on meaning for everyone.

7 Decide on who and where

Decide who is going to be developed and/or promoted, who ought to be redeployed, and who needs to be exited.

Do this by analysing:

- Who can operate in the future model?
- Who can get there with help, how much help do they need, and what is the implication of this?
- Who can't make it in the new world, and how can you still help them succeed elsewhere?

If your future model is aspirational and transformative, our experience is one third of your people may not be able to deliver in the new world. How you support and guide them to find their best new future will be a key mark of success.

8 Make it happen

Now make sure you actually do it.

Implement your people decisions while carrying out structural changes to the organisation, and setting up the necessary processes and initiatives in your various departments.

At Mercuri Urval, we see that many growth leaders fail at this stage.

They might have a precise analysis of capability and gaps, and know only too well which employees must be developed, relocated or even moved on. But as this can be uncomfortable to implement, many leaders water down their execution.

Adjusting and managing timing is critical, but avoiding 'the issue' or fudging deci-

sions just sets a path to failure – for the organisation and for the individuals concerned. It is neither 'supportive' to leave someone in a situation where they cannot succeed, nor is it useful to create a disturbance that is bigger than is needed.

Make sure that you carry out your people moves ethically. A professional, supportive and effective approach to handling re-deployees will leave internal and external parties with a favourable impression of your company. After all you are helping people into the right role so you and they are successful. Damage trust now and it will take years for your leaders and shareholder value to recover.

Expert transition coaching for leaders will enable them to cope with and act on change effectively.

Tomorrow's successful companies will restructure capabilities, not job titles.

Moving the same resource around with different job descriptions is not an answer – successful transformation means a real change in people and their capability.

9 Control, integrate and sustain

Make sure your change investment continues to bear fruit.

Use your clearly defined framework and transformation metrics to measure the effects of your sales capability transformation process. Effective growth leaders create the right amount of “heat and light” to ensure focus and momentum is sustained. From a gentle hand on the tiller to strong symbols of change, growth leaders must keep focus in order to succeed.

When you're measuring the effects, ask yourself: did we actually end up doing what we concluded we ought to do? What effect can you see on our customer? What does our customer perceive?

Validate and check decisions – did you end up with the best people, as was intended? It may be impractical to check everyone in the organisation, so focus on the newly-hired people, along with those who were moved internally, and then carry out random samples of the rest. Did those who needed to develop actually make the journey – and how do you measure whether they did?

You can also measure the effects by focusing on the following three parameters:

The first is money-flow: Is the business making more money? A pronounced effect here may take up to two years to become visible, which is too long when you need a quick answer to see if you are on track.

The second is the perceived effects of activities: Is the change being noticed? Does it seem to generate results? Remember to ask customers if they perceive an improvement.

The third and quicker parameter is to measure activities: What activities have been carried out and how well? Have we actually come up with a new capability model, have we assessed everyone, etc.?

Also make sure your decisions are followed up in regular day-to-day hiring, and that managers don't fall back into old habits – hiring the old type of people who fitted yesterday's needs. By having a blend of activity, outcome and commercial measures, you can evaluate and fine tune your approach.

10 Start over again

Leaders of dynamic, future-proof organisations continually re-evaluate the factors that make their company move forward, including their own performance. Embed the change as a constant – and make sure to develop yourself as the leader as well (see

our tips for Tomorrow's Executive). Read any modern article on M&A and you can see, in these heightened times of change, just how broad the consensus has become that it is leaders that are the key asset in releasing company value through change.

The organisation transformation guide – successful growth leaders know:

- Transformation should be embedded in the company as a permanent, forward-moving, capability-building solution.
- Where value is really created, and put it at the centre of their business and strategy.
- In detail how you engage with customers, and enable their employees to establish a wide network of internal and external 'client' relationships.
- How each of their company's departments interact to create the value they are aiming for.
- Not to water down the execution of people assessment findings and decisions.
- Tomorrow's successful companies will restructure capabilities, not job titles – and as they do so build trust and pace into the evolution of their businesses.