

Organizing for Effectiveness During a Recession

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In December 2008, the National Bureau of Economic Research (NBER) announced that the U.S. economy is officially in a recession. No doubt you felt the effects long before the economists stated the obvious, and by now those effects have penetrated deep into your organization. And while the experts indicate the recession will last well throughout 2009, we know that eventually our economy will stabilize and start growing again. The good news in all of this is that there are steps that can be taken now to help your organization emerge stronger and healthier once the recession is over.

Purpose

The purpose of this article is to encourage its readers to review their organizations' strategies, structures, and people processes. First we will identify an appropriate model of effectiveness, followed by a Gap Analysis that will allow us to determine your organization's current condition versus its desired state. Additionally, we provide many low-cost solutions that will enable your organization to continue building a strong infrastructure for emerging healthier from a recession economy.

Defining Organization Effectiveness

Let us begin with the end in mind by identifying what effectiveness looks like in your organization. According to Cameron (1980), there are four models of effectiveness. The four models are:

The Goal Model – Organizational effectiveness is defined in terms of the extent to which the organization accomplishes its goal.

The Systems Resource Model – Effectiveness is equated with the ability to acquire needed resources.

The Process Model – Effectiveness is defined in terms of how smoothly the organization functions, especially the degree of absence of internal strain in the organization.

The Strategic Constituencies Model – Effectiveness is determined by the extent to which the organization satisfies all of its strategic constituencies, such as special interest groups.

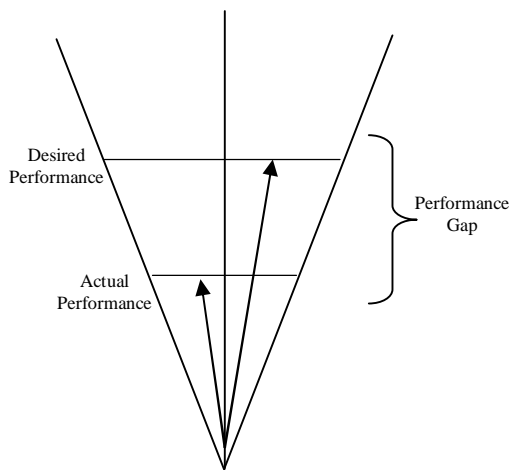
Based on the above definitions, your organization might encompass one or more of these models, depending on the type of organization (i.e., for-profit, not-for-profit, or government) and the market it serves (i.e., shareholders, community, or special interest groups). If you are unsure as to the best fit, start by asking the following questions: When are we most effective? Is our culture more collaborative or competitive? Do we use metaphors of winning the war or eliciting supporters? Do we define success by percentage of growth, dollars raised, or resources procured? To provide a brief example, if your organization is a privately owned, for-profit manufacturing firm, then the goal model will probably best apply. Your effectiveness determines the ability by which you meet your production goals, continue to grow your sales and market share, and manage your people by identifying, developing, and retaining top performers. If, however, you are a not-for-profit, then you might identify with the systems resource model instead. With this model your effectiveness depends on securing vital resources, such as donations through programs and fund raisers, on keeping your employees engaged in the mission and values

of the organization, and on remaining fiscally responsible with the funds available in any given year. With a clear definition of organizational effectiveness in mind, we can now turn our attention to the Gap Analysis.

Applying a Gap Analysis

One of the most common techniques used to assess an organization’s performance is the Gap Analysis. According to Harvey and Brown (2001) this tool is typically used to assess an organization’s response to opportunities in its environment. For the purposes of this paper, we are going to adapt this model and use it to determine the *internal* performance of the organization. View Figure 1 and answer the strategy, structure, and people process questions that follow, using your definition of effectiveness as your level of desired performance. If you find that your organization is not achieving its desired outcomes, then the difference between its current state and future state is the gap in performance for which you will apply the low-cost solutions found later in this article. I have provided a few questions to get you started, but I encourage you to add your own questions relevant to your organization’s type and the market it serves.

Figure 1.



Strategy Questions:

- Is your strategy up-to-date and relevant?
- Do you know what effectiveness looks like in your organization?
- Is your organization able to compete for its resources?
- Do you have contingency plans for various scenarios that may occur in the environment?

Structure Questions:

- Is your organization’s structure tied to its strategy?
- Is your organization structured to achieve its goals and/or meet its constituents’ needs?
- Are your teams aligned with your organization’s strategy?

People Process Questions:

- Are you currently investing in your people?
- Do you have successors lined up for key positions?
- Are your managers spending adequate time coaching others?
- Are you communicating your mission, vision, and values to keep your workforce engaged?

Low-Cost Solutions

Now that you have identified what effectiveness looks like in your organization and you understand the gap in performance as it relates to your strategies, structures, and people processes, consider these low-cost solutions that can help your organization emerge stronger from a recession economy. Most of the solutions provided below are low-cost in that they only require the time of the organization’s members.

Strategic Solutions:

Strategic Planning. If it has been a while since you have had a strategy meeting, now may be a good time to do so. Assemble your

board members or executive team and talk through what is working, what is not working, and what may need to be changed. You can apply a Strength, Weakness, Opportunities, Threats (SWOT) analysis yourself. Consider what products or services are succeeding right now and which ones are not. This is not the time to bury your head in the sand about your organization's strategic performance.

Scenario Planning. If your current strategies are still viable, then consider scenario planning. With this approach, your executive team or board members consider all possible changes in the environment and develop responses to each condition based on the organization's mission, vision, and values.

Future Search. This approach allows an organization to bring a cross-section of its members together in a large group planning meeting to explore the past, present, and future of a specific task or strategy. The outcome is a commitment to an action plan based on the organization's values.

Structural Solutions:

Team Alignment. If your teams are not aligned with the organization's strategic goals, production and/or customer service may suffer as a result. Make sure your teams clearly understand their purposes, roles, and expected outcomes. Remove any obstacles that may prevent them from working interdependently and achieving the highest results.

People Processes Solutions:

Coaching. Coaching should already be a part of every leader's job, and now is the time to put coaching into over-drive and accelerate everyone's development. Stress coaching to your leaders and managers, make sure they have the skills necessary to coach others, and hold them accountable for doing so. Influence your leaders to spend extra time with their top performers. This may seem counter-intuitive when low performers need most of the attention and help, but research shows that top performers are the first to

leave. Ensuring that your company survives the recession is mission number one; ensuring that you have a high performance workforce when your company emerges is mission number two.

Mentoring. Pairing a senior and junior staff member to facilitate the transfer of learning is one of the hallmarks of development. Make sure to match up individuals who are complimentary in personality, and outline the frequency of contact initiated by the senior member.

Benchmarking/Best Practices. Many organizations like to compare themselves with other organizations as a means of determining how they are doing. Most industries have an organization that monitors trends, metrics, and benchmarks for their particular industry, such as Kennedy Information for management consulting, or People Report for the restaurant industry. Tap into these valuable resources and learn more about their products and services. There may be a small fee to join, but the information in return far outweighs the cost.

Communication. Finally, encourage all of your leaders to continue to communicate the organization's mission, vision, and values. During difficult times, those employees who tend to stay are the ones who identify most with the organization's vision and values and feel they contribute to its success.

Summary

Despite the current economy, now is the time to look internally for necessary changes to your organization's infrastructure. With very little monetary investment, you can position your strategies, structures, and people processes to emerge healthier and stronger from a recession economy.

References

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Company Overview

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