

Talent Management Perspectives

Published February 2009

Six Principles to Lead a Reorganization

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Many people are resistant to change, even when it's well-managed. Thus, even the word "reorganization" can stir undesirable emotions and bring on headaches.

Organizations usually have good reasons to reorganize: the economy, the business requires new competencies or different talents, competition has brought on new challenges, technology has advanced, the company has solvency issues and needs to cut expenses quickly — or perhaps a senior executive returned from an industry-association meeting with a new idea.

Talent leaders don't want to shake up the entire organization and drive away the top performers without providing a clear rationale for change. So before entertaining the idea of a corporate reorganization, be clear on what the company seeks to gain. Then ask: Is it worth the effort? Here are some principles to apply:

Frame the work. Gather the senior management team and think through the reorganization vision and goals. Is it to respond to economic change or new competitive challenges? Is it to recruit new talent or to address financial issues and save money? What are the short- and long-term goals and gains? Create a plan with milestones, and make sure there are timelines to guide the process. Assign roles and responsibilities to each management team member. The talent manager should take a facilitator role and play an active role in the planning, but not run the meeting.

Know the business model. Focus on the future, not the present. Many executives mistakenly reorganize around facts that reflect the current state "as it is" and not "how it will be." The business model, including the organization's mission, vision, values, products and services, should be clearly stated to internal staff and external customers.

Examine business processes. A successful reorganization requires more than a two-hour meeting with senior executives. Senior leaders should act like change models, as well as agents, and be intimately and visibly involved in the day-to-day inner workings of the company. Further, if reorganizational tools are org charts with names and titles and a goal to reduce the number of boxes, it's not a reorganization process — it's a cost reduction.

To be effective, operations functions and infrastructure departments such as HR and finance must participate to identify needs, repetitive business interactions, duplication of efforts, improper use of technology, proper staff allocation and areas to cut business costs. Involving all stakeholder groups may take more time initially, but efforts can uncover business impact areas for change more quickly and accurately. Internal business processes should match what customers want and what employees can provide.

Re-engineer the way things are done. If processes have to change in order to continue with the reorganization, maximize the way the work is done. To alter processes, changes must be fully carried out and maintained. It is not efficient to reduce staff to support a new system that is not implemented immediately. Further, once there is a new system in place, train employees to use it. To ensure the changes are adopted, people will need to execute new processes and understand the need for them.

Take a talent inventory. This is a data-collection point. How many people does it take to run the business without destroying customer satisfaction? Are the right people in position since processes changed? Does the staff have the right mix of background, talent and management skills? Organizations grow over time, but often expect to reduce their staffs overnight. These questions should be answered before talent managers make final decisions about who goes, who stays and what positions remain.

Communicate. The most important aspect of the reorganization process is to communicate. Employees aren't as clueless as management thinks. And if they aren't told about something, they'll make it up. The last thing a reorganization process needs is to have the workforce unaware of goals and working counter to the plan. However, not all details have to be worked out the first day. Some details legally can't be shared immediately. Communicate what is known to date, and update details as frequently as possible to relieve organizational stress. Senior leaders that don't know an answer should make an effort to understand the question and research the answer. Then follow up.

Reorganizations are painful for those making the decisions and for those for whom the decisions are being made. The process should not be taken lightly. Organizations have to maintain their images because their customers are watching. Following these steps can increase the odds for positive results. 