STANFORD GRADUATE SCHOOL OF
BUSINESS

Organizational Development

Organizational Development is the process of aligning human capital strategy with the mission, vision, values, and strategy of the organization.

It includes organizational structure, supporting systems and processes, leadership development, succession planning, talent acquisition, and talent engagement (including design of reward and recognition systems). The overall theory is that a unity of what the organization is and what it wishes to accomplish with that of the individual and his or her goals will propel the organization to greater levels of performance.

Project Process

Given the lack of Organizational Development groundwork and dedicated implementation personnel in most nonprofits, it is critical to negotiate with your client the work product that will be most helpful within the typical six-month timeframe. A comprehensive, high-level strategy may not be the route to usability. Instead, the following suggests an in-depth start to alignment, including hands-on, tactical work with the client:

1. Audit the organization. The purpose of the audit is to gain a comprehensive overview of the organization, its strengths and areas of challenge, and arrive at the "gaps" between the current organization and an organization designed to meet its goals.

- Overall elements of this review should include systems, processes, operations, communication, and people (job functions, skills, capabilities, and leadership).

- In-depth questions should be asked to learn the characteristics of people who succeed in the organization. This is a foundation for later work with "fit."

- Similarly, ask questions about what brought managers to the nonprofit and what motivates them to stay. Ask them what more the organization should do for them. This provides the background for engagement strategies.

- Build a profile of "stars" in this organization, including behavioral characteristics that make them fit and organizational levers that keep them engaged.

2. Design an organizational structure. Arrive at a hypothetical organizational structure, with required supporting systems, that would more effectively accomplish the organization's work. Include as well new functions, skills, and leadership capacity indicated in this structure.

3. Define talent acquisition needs for leadership, including "fit" requirements and skills. In conjunction with the client and the organization, develop hypotheses about the attributes of a person who will successfully "fit" into the organization and hone them into guidance for talent acquisition and input into job

descriptions. Draft rough job descriptions, including both fit and skills required for leadership positions.

4. Design motivational levers to engage people at all levels in the organization. Include motivational levers that will increasingly engage people at all levels in the organization. These may include training, team building, opportunities to move within the organization, and rewards and recognition.

5. Develop a market strategy for talent acquisition. Concurrently, look at the client's competitive environment for leadership and develop a market strategy for talent acquisition, including competitive positioning and potential new sources of talent.

Best Practices

A continual team/client interchange of findings, hypotheses, and hands-on work will ensure the most successful outcome for your project:

- Review the mission, vision, strategy, and goals of the organization with the client.

- Obtain a thorough understanding of the results the client desires from an organizational development effort.

- Obtain agreement with the client about range and content of interviews with management and staff. If possible, obtain agreement to gain additional perspective from customers, partners, suppliers, and board members.

- Develop and receive client approval on standardized interview formats to be used with management and staff and constituencies.

- Establish a subteam to begin a brief scan of the client's competitive landscape for later use in devising talent acquisition strategies.

- Review aggregated results of audit with client.

- Test organizational hypotheses with client about talent "fit," leadership/succession potential of current management, and engagement strategies.

- Complete data assimilation and design potential restructure, including new leadership positions.

- Negotiate and reach agreements with client (then board) on new structure and key positions.

- Help develop talent descriptions for key leadership.

- Suggest talent acquisition strategy.

Project Deliverables

- Comprehensive evaluation of the current organizational structure with recommendations for restructuring into an organization better aligned with mission, vision, values, and strategy

- Cost-benefit analysis of recommended new supporting systems, leadership and other talent acquisition, and programs (e.g., training) needed to complete the reorganization

- Additional recommendations on leadership requirements, management development, and succession

- Competitive talent acquisition strategies

- If time remains, strategic talent engagement overview or work as negotiated with client

Helpful Hints

- **Stick to the workplan.** Lack of overhead capacity in human resources makes "scope creep" even more threatening to an Organizational Development project than to the typical ACT Project. Don't get stalled on crafting mission, vision, and strategies, detailed competitor analyses, or other work not central to the workplan.

- **Be prepared to incorporate a great deal of change.** In a small organization, the departure of even one person can cause considerable fluctuation. Be constantly in communication and alert to external and internal change in the client's world.

- **Walk softly, be sensitive, and protect information during the audit phase.** Since it is an anxious time for the organization, it is critical that the client or a designate socialize and position the purpose of the audit as restructuring to perform work more effectively, not as an evaluation of individuals. The audit process also includes de facto a 360-degree feedback of your client. Be clear upfront with the client and all interviewees that information will be shared only in the aggregate.

- **Balance objectivity with usability.** ACT teams in Organizational Development may recommend new structures and strategies that could affect long-established working relationships and loyalties. The team should be willing to consider any compromises that can be made while retaining the integrity of the organizational plan, and suggest socialization and timing strategies.

- **Enjoy an ongoing sense of accomplishment.** The majority of the team's work may be completed and incorporated by the client during the course of the project, rather than in a large final effort.

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