Organisational robustness
A new standard for top management
When organisations undergo significant change in connection with new strategies, mergers or rapid growth, there is often a gap between what the management wants and what the organisation can deliver. Companies that are quick to close this gap can say that they have organisational robustness. We have defined 6 indicators of organisational robustness and a test tool which will allow you to take the temperature in your own organisation. Find out how to make your own evaluation below.

For many years, we have worked with the development of organisations and change management. We have coined the term "organisational robustness", which we think characterises a certain type of company. To be a robust organisation means to have the resilience and flexibility to be able to turn things around, to make changes, and to swiftly take up business opportunities and address challenges. Companies that have organisational robustness are often better at rolling out strategies, quicker to adapt and more able to deliver results.

We have defined 6 indicators of organisational robustness. On the following pages, we set out several ways in which robust organisations differ from others and how you can help make your own organisation more robust. You can test your organisational robustness with the self-evaluation tool, which you will find on our website under "Organisational robustness". It only takes a few minutes to run the test.

The 6 indicators

Indicator 1: Alignment

The first indicator measures the extent to which there is a common understanding of the organisation’s long-term goals at all levels: in other words, alignment. This generally exists when the organisation has a common answer to questions such as: Who are our customers? What is our product or service now and in the future? In which markets do we wish to be present? What quality level and price do we want to give our products or services?

Some may think that these questions are hard to answer when it comes to the public sector since political and legal requirements mean that there are more than 1 bottom line. Nonetheless, it is still incredibly important that both local and government administrations can create a clear understanding of the core service, its price and quality.

In our experience, if there is disagreement at management level or simply differences in the understanding of these very basic questions, misalignment exists and will spread rapidly to the rest of the organisation. This will lead to a lack in focus and a shortfall in the feeling of shared responsibility in the rest of the organisation. If this comes to the surface in connection with a change process, one has to be careful that the “change spectre” does not loom too large. But at the same time, it is important to
remember that, with every major change such as a merger or rapid expansion, the need will always be there to dovetail management and organisational approaches to meet the same overall goals.

Robust organisations are quicker at getting managers together to communicate the raison d’être of the company and its direction and to make these messages straightforward and comprehensible for the rest of the organisation. They will often act before the need arises and are therefore at the forefront of efforts when a strategy has to be rolled out to the entire organisation.

**Example of a large global retail company experiencing growth**

In an expanding global company, there is an ongoing need to equip the organisation and managers with the necessary skills for implementing new growth strategies in various countries. This company faced exceptionally fast-paced expansion in China with a doubling of the number of shops during the course of a few years. This meant that the top management had to get together to formulate and execute a growth strategy and prepare the organisation to be ready for growth. The company was given help in formulating a clear, identifiable strategy that set out target areas and allocated clear definitions to leadership roles, areas of responsibility and interfaces – among other things. All this is an absolute necessity if the whole organisation is to be ready to press the accelerator pedal.

**Indicator 2: The ability to develop and to execute**

Robust organisations are able to develop and execute tasks quickly. They possess the right skills as well as simple and effective instruments for translating goals into action. And at the same time, they are good at following through and following up in a timely manner. This should be the standard, irrespective of size and complexity.

In 2011, we carried out a survey of managers with TNS Gallup, which showed that, as a result of the financial crisis, the bottom line and the ability to execute tasks had become factors that are far more important for managers. As a consequence, many enterprises have in recent years developed considerable powers of execution and trimmed away activities that did not add value, using for instance programmes such as LEAN. The survey also showed that one of the major management challenges is to develop new products and profitable business models.

We find that many companies stage numerous seminars on strategy and development activities and have grand plans, but that the road from idea to actual value creation and innovation is far too long. For instance, development departments often find it hard to talk to marketing and sales departments. In a world with increased competition and fewer resources, a lack of ability to innovate therefore threatens robustness.

What sets companies with organisational robustness apart is their superior understanding of the skills, management and cooperation needed within the organisation to create the right circumstances for innovation and added value.
Example of a production company

The company produces printers, copying machines and scanners. Technological development made it possible at a certain point for the company to manufacture scanners at significantly reduced prices. This meant that the organisation had to learn to move away from producing the “absolute best” product on the market to what was primarily a good seller; a new strategy was needed as well as an organisation that could keep up with the strategy. Summit Consulting undertook an examination of the company, which showed that management processes were far too top-heavy.

In order to launch a new product on the market, a more decentralised decision process was required as well as better cooperation between the development department and the other departments. Workshops were run for all managers, in which the main tasks of the management team were made clear and the cooperation procedures between the development department and other departments were delineated. This made it possible to deploy the right skills to enable realisation of the strategy.

Indicator 3: Clear and distinct allocation of responsibilities

Robust organisations make roles and responsibilities clear and distinct and provide supportive processes and systems.

Today, many companies have more fluid organisation types than before; functions have been removed to break down silos and to create a flatter organisation through matrices and project organisation. Another phenomenon of our current climate is that companies are more geographically spread out as a result of globalisation and outsourcing.

When organisations become more fluid, employees have an even greater need for clarity in the allocation of roles and sharing of responsibility. As human beings, we need to be able to delimit the tasks we are expected to do; this need increases as the value chain becomes more complex. A classic issue for global companies today is also to define responsibility and control in the interface between the parent company and local units.

In organisationally robust companies, the most important tasks are made clear both for the individual employee and for the specific unit. Similarly, cooperation processes between departments or countries are understood and supported by organisational processes and systems.

Indicator 4: Prioritisation

Organisationally robust bodies are clear in setting priorities so that signing up to tasks, functions and departments becomes more clear in the organisation and for the individual employee.

"Working without borders" and today's plethora of data also have their costs. One of these is that more and more people today suffer from stress. Robust organisations have robust and motivated employees. Several surveys show that job satisfaction and motivation are closely linked with the individual's ability to prioritise their daily work. This is true from the top manager to the employee.

In recent years, many organisations have streamlined and reduced more than ever before. What sets robust companies apart is that they have also defined which tasks to keep and which to let go. In so doing, they have also had to bear the organisational consequences of their decisions.

Indicator 5: Interaction and synergies

Robust organisations are able to cooperate across areas. But that is not all. They are also able to share knowledge. Cross-organisational cooperation often happens in the context of certain tasks. Sharing knowledge goes beyond this, however. Many enterprises have put a lot of effort into developing
managers' and employee's ability to cooperate: the above-mentioned Gallup poll shows that companies invest many resources in developing cooperation in teams, and this has in fact strengthened the quality of their work in addressing the specific task. But where they fall down is when it comes to sharing knowledge. The growing specialisation of companies means that it may be difficult to broadly apply knowledge and to create synergies. Duplication of work can arise, and this means reinventing the wheel – over and over again.

In the organisationally robust company, managers and employees have an eye to ways in which knowledge in the company can be used, combined and fed into synergies. Company managers and employees actively seek to share knowledge.

**Indicator 6: Adequate leadership**

If an organisation is both capable and has the right managers for driving development, the gap between management and organisation will close up more easily. There is no doubt that managers have become far more professional over the last 10 years as a result of training and other factors.

While organisations have become leaner, managers have become better at ensuring a clear focus on the here and now, as our studies show. But if they forget to communicate the long-term vision and to put forward a perspective of development that engages people, talent and core employees will disappear. And so will robustness.

Robust organisations have leaders who can attract and retain the employees with the best qualifications, by making the organisation's long-term vision purposeful and relevant.

**Example of a financial company**

*After an unsettled time with both rapid growth and related adjustments, one company needed to find a common basis for the overall management task. It was necessary to remove all barriers between managers across the organisation in order to speed up processes and make the organisation more efficient. Leaders needed a theoretical management basis and specific management standards that could be deployed quickly. With this in mind, we developed a professional development course for all managers. It was designed as three tailored training modules with a focus on personal development, employee development and implementation of organisational and strategic projects. A special course was designed for top management to create a common basis and shared understanding of strategic direction as well as a cohesive communication plan.*

**How does one measure organisational robustness?**

The aim of working with the six indicators of organisational robustness is to be able to deliver an immediate diagnosis, which can be used to design a focused and effective development process, tailored to the actual challenges of the organisation. Organisations are complex and so is their development. At times, one can miss the target, and the effect of measures can be lost. Where the aim is to attain a clearer allocation of roles and sharing of responsibilities, the means may not always be management development.
At Summit Consulting, we measure the organisation’s robustness using survey questions and answers and then generate internal benchmarks with results divided by function, department and team. The analysis will reveal both strengths and weaknesses and will help to identify areas requiring attention so that the relevant robustness can be built up.

We have incorporated the six indicators in a single self-evaluation tool with 20 questions. This helps you to test your organisation’s robustness. Naturally, it does not give the full picture in the same way as a full survey; but it can give you a snapshot and an indication of whether there is something that needs changing. You will find the self-evaluation tool on our website under “Organisational robustness”. Try it out! It only takes a few minutes.

If you would like to hear more about organisational robustness, contact one of our consultants on (+45) 70 20 33 20. We are happy to participate in e.g. video conferences etc. to present the model and discuss your organisation’s management development possibilities.

Summit Consulting has long and in-depth experience in developing robust leaders, teams and organisations that create strong results by achieving the strategic ambition.

Read more at www.summitconsulting.dk.