Euroconsult / BMB Mott MacDonald

Innovation Brief
On International Development Services

Strategic Organisational Development - Changing Organisations from Within

Author: Martin de Graaf

13

April
2011

The Problem

The traditional ways in which public sector organisations set their mandate, understand their environment and plan their work, may not be adequate anymore in an increasingly dynamic and uncertain context.

Financial and political pressures require public sector agencies to become forward-looking and more dynamic in the way they prioritize, organise and monitor their tasks. Distinctions between public and private sector roles are blurring, scale and scope for their operations changing and resources ever tighter. Public sector organisations are confronted with the need to justify their presence and costs, while private sector agencies are challenged in terms of social and environmental impact. All have to pay more attention to the satisfaction of both their clients and their staff.

While the leadership of agencies may feel the need to reflect on direction and set new strategies, they often lack the tools to better understand and prioritise tasks, identify and analyse challenges and allocate human, financial and material resources more purposefully.

At the same time, staff at senior, middle and lower levels increasingly need tools to explore how they can better contribute, take more responsibility, make meaningful choices and produce better services. This not only to improve the organisation's effectiveness and credibility, but also to enhance satisfaction and commitment among staff, who are often higher educated, more skilled (especially concerning ICT) and more demanding than traditional civil servants.
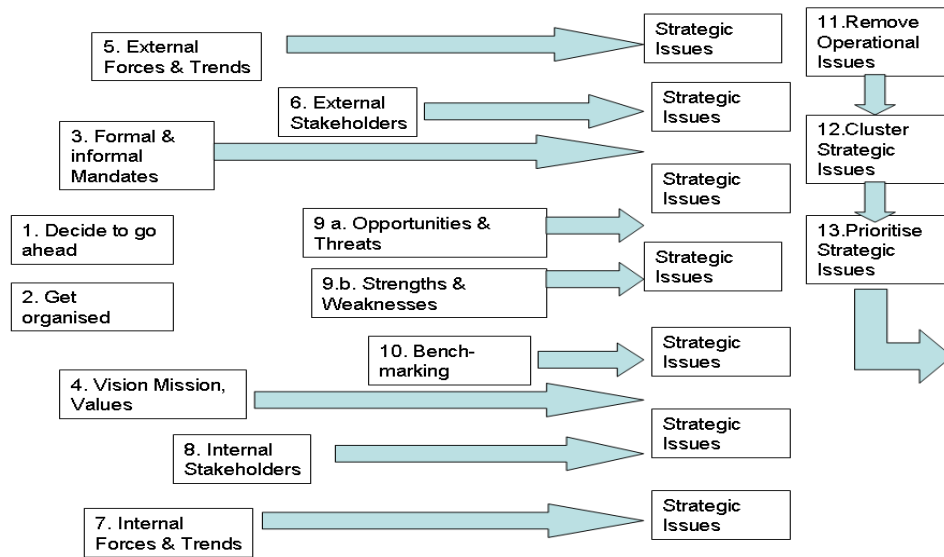
The Challenge

Strategic Organisational Development (SOD) is the overall term for a range of tools and methods that can help organisations to develop a medium-term approach (often three years) for focusing and improving performance. SOD can help organisations to go through a systematic review process that starts with their mandate, reviews the external and internal environment¸ determines strengths and weaknesses, identifies strategic issues and results in well-defined Action Plans to address priority issues.

SOD does not provide standardized solutions to all problems, but can help to focus attention, mobilize energy among staff and get a new, shared medium-term perspective on how to focus and improve collective performance.
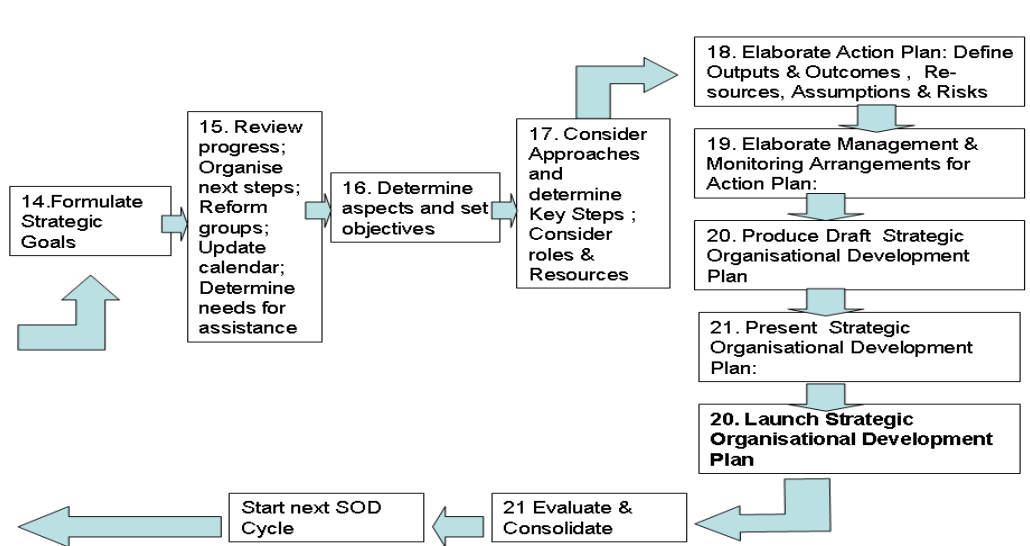
This approach can be used in public, private and voluntary sector agencies, provided it is tailored to the particular scale and nature of the organisation.

There are different approaches towards both strategic planning and organisational development. When working in Syria, we found no tested approach suitable for Syrian ministries. This is an environment characterised by slow, centralised and often non-transparent decision-making, highly segmented organisational structures, limited skills to deal with strategic issues, modest managerial skills, little sharing of information and few opportunities for dynamic staff levels to participate. This environment called for introducing and field-testing a number of SOD tools, for those agencies willing and able to meet its conditions. This approach, shown overleaf, was implemented in the context of the ISMF (**Institutional and Sector Modernisation Facility**)

Strategic Organisational Development: Phase 1: Review and Analysis

Strategic Organisational Development Phase 2: Develop Action Plans

Phase 1 boxes:
- 5. External Forces & Trends → Strategic Issues
- 6. External Stakeholders → Strategic Issues
- 3. Formal & informal Mandates → Strategic Issues
- 1. Decide to go ahead
- 2. Get organised
- 9 a. Opportunities & Threats → Strategic Issues
- 9.b. Strengths & Weaknesses → Strategic Issues
- 4. Vision Mission, Values
- 10. Bench-marking → Strategic Issues
- 8. Internal Stakeholders → Strategic Issues
- 7. Internal Forces & Trends → Strategic Issues
- 11. Remove Operational Issues
- 12. Cluster Strategic Issues
- 13. Prioritise Strategic Issues
- 14. Formulate Strategic Goals
- 15. Review progress; Organise next steps; Reform groups; Update calendar; Determine needs for assistance
- 16. Determine aspects and set objectives

Phase 2 boxes:
- 17. Consider Approaches and determine Key Steps ; Consider roles & Resources
- 18. Elaborate Action Plan: Define Outputs & Outcomes , Re-sources, Assumptions & Risks
- 19. Elaborate Management & Monitoring Arrangements for Action Plan:
- 20. Produce Draft Strategic Organisational Development Plan
- 21. Present Strategic Organisational Development Plan:
- 20. Launch Strategic Organisational Development Plan
- 21 Evaluate & Consolidate
- Start next SOD Cycle

Key Elements

Essential elements of Strategic Organisational Development
1) A **highly structured process**, starting with reviewing internal and external factors, leading to identifying and prioritising strategic issues and resulting in detailed **Action Plans**
2) Primary focus is on improving the **performance** of the organisation.
3) Strong and visible **support** of the organisation's leadership
4) Continuous **active involvement** of senior staff
5) **Actual production of materials, reports and proposals by senior staff**
6) **Active facilitation** and training by external experts
7) Open **access to information within** the organisation
8) Open **access to the clients and other stakeholders** of the organisation
9) A high level of **discipline** on both sides
10) No duplication with similar processes taking place in the organisation
11) Good **coordination** with other projects and interventions in the same organisation
12) A **commitment of the leadership** to act on the outcomes of the SOD process

The actual Process

The first point of contact has to be the leadership of the concerned organisation. While the process ideally is highly participatory and centred on work by senior and mid-level staff, active and visible support at the top is essential. This not only to formally clear the way, but also to secure active commitment to the process, including release of quality staff at regular intervals, unconstrained access to information and willingness to consider the outcomes of the process in decisions.

A balanced mix of junior and senior staff, willing to spend approx. half a day per week, over a period of four to six months is required. Their respective roles should reflect not only skills and knowledge, but also local sensitivities and expectations. Equally important are skilled facilitators, speaking and reading the local language (Arabic in the case of Syria), trained and coached in the methodology and capable to motivate, coach and support their ministerial colleagues.

The actual process takes the staff through a highly structured process in which key aspects of the organisation in its current and intended ways of operating are reviewed, following the steps in the above diagram. Most sessions are started with a brief presentation by the facilitator to introduce the subject, tools and intended outputs.

Conditions for effective Strategic Organisational Development	
Key Conditions on the side of the organisation	**Key Conditions on the side of the project**
1) Full agreement by top leadership 2) Active and visible support of leadership 3) 6 to 10 senior staff continuously available and genuinely motivated 4) Involved staff able to read and understand English 5) Easy access to other staff when needed 6) Easy access to information in the organisation 7) Access to external stakeholders (e.g. other ministries, private sector, civil society) 8) Permission and interest to conduct Retreats (overnight working sessions, out of town) 9) Staff willing and available to collect data within and outside the organisation 10) Staff available and willing to use internet based resources 11) Staff really available and willing to produce detailed Action Plans 12) Central contact person to carry overall responsibility and for liaison with the project 13) Easy access to leadership to resolve issues and resolve dilemmas 14) Discipline and flexibility during process	1) Clear methodology available. 2) Leaving flexibility for each agency 3) Draft manual for all steps to be produced early 4) Preparation of relevant materials, including international 'best practices' 5) Long Term Expert available for organisation, liaison and facilitation. 6) International, regional and national ST experts available for specialised and time-consuming work, and for co-facilitation of sessions. 7) Funds available for workshops and two retreats 8) Perhaps: funds for launching conference for Strategic Plans 9) Technical and financial support for production and dissemination of attractive Strategic Plans 10) Ad hoc technical support by specialists 11) Translation and interpretation support 12) Internet searches by project assistant 13) Communication between experts to ensure consistency and synergy 14) Access to media for publicity and to printing facilities

Much of the work is done during the sessions, but staff often prepare inputs for the next session in-between, individually or in small groups, following the formats and instructions introduced and agreed in the shared sessions.

Staff often want to compare the performance of their organisation with that of similar agencies elsewhere and benchmarking and examples by facilitators or experts are often warmly welcomed. The same for meetings with colleagues in other ministries and study tours. Such exposure will help to sustain interest over the extended time of the process.

A decisive step is to prioritise issues and select areas for strategic planning (13 and 14 in the diagram). The focus then shifts from overall review to detailed action planning to address selected issues. Presenting the Action Plans concludes the process.

Tools and Methods

In our experience, the selection of the actual tools needs to take into account the composition of the Working Groups. Interest in web-based tools varies, language capabilities may impose constraints and access to data is not the same for all. We found that checklists, quantified benchmarks and standardized tables often work well. Sensitive issues, like stakeholders' expectations, perceptions by clients and satisfaction of employees can be somewhat neutralized by using standardized scoring instruments, based on international practice.

Euroconsult / BMB Mott MacDonald

*A **Strategic Issue** significantly affects the performance of the organisation, may threaten its survival or may cause dissatisfaction among key internal or external stakeholders. A Strategic Issue is a concise statement of: 1) a problem, 2) the likely cause of the problem (in term of internal and/or external factors, and 3) the effects of that problem (or of not addressing that problem) for the organisation in terms of affecting its performance.*

The differentiation between **Strategic** and **Operational Issues** needs strong facilitation to avoid being drawn into operational details. Prioritising strategic issues needs conceptual clarity, sound understanding of mandate and mission, strong guidance and a clear understanding of the views of the agency's leadership.

***Prioritising Strategic Issues:** In the context of SOD in Syria, we used five criteria, each scored between 0 and 3, and each with a relative weight between 3 and 1, as shown below. These criteria produced total scores between 13 and 39, allowing prioritisation of strategic issues.*
1) To what extent does the problem affect the performance of the agency? (Weight: 3)
2) To what extent is the problem important and urgent in the view of the agency's leadership? (3)
3) To what extent does the problem affect the delivery of visible services to citizens? (2)
4) To what extent can the problem be resolved within the constraints of real life? (3)
5) To what extent does the problem have the interest of involved staff? (2)

The first stage of SOD aims at analysis and review and ends with prioritised **Strategic Issues.** The second stage aims at preparing **Action Plans** that will address the selected issues. These are time- and resource- bound plans that are presented to the leadership for approval and to sponsors for funding

Lessons learned

- We found that, even in traditional organisations, the leadership can be open to SOD, when it sees successful precedents and when it is approached respectfully and professionally. Maintaining contact with the leadership during the process is crucial for overcoming problems, such as access to information and availability of staff.

- The greatest potential benefit of SOD may be the enthusiasm and involvement of mid-level staff, who can share views, knowledge and, often, excellent ideas. For many this is the first time they can do so in a structured, open and professional manner.
- Quality of facilitators is crucial, as they need to have conceptual and methodological skills, but also social and political sensitivity. Investing in selecting, training and coaching them pays off and working through them allows (expensive and scarce) external experts to work with a large number of local agencies at the same time.
- While staff views and knowledge are the central ingredients, bringing in new ideas, tools and experiences from elsewhere can boost energy and ideas. Study tours can do so even more.
- It is important to ensure that the Action Plans, developed with so much effort, can indeed be implemented. For this, political support and financial support need to be mobilized in a timely and flexible way.

Opportunities for Projects and Donors

The public administration experts of BMB Mott MacDonald deal with many of the above issues. They do not bring ready-made answers, but they help to ask probing questions, identify options, share relevant experiences and select optimal responses. They can assist, as trainers, advisers, managers or monitors, to introduce improvements, build capacities and test alternative approaches.

You are welcome to contact us through:
Ms. Moniek van de Ven, Knowledge and Information Manager, or Mr Martin de Graaf, Principal Consultant Public Sector Reform
Euroconsult / BMB Mott MacDonald
P: PO Box 550, 6800 AN Arnhem, The Netherlands
T: +31 26 3577111
E: moniek.ven@mottmac.nl
   martin.graaf@mottmac.nl
W www.ecbmb.nl