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## Case History

# Measuring OD’s Success

## XYZ and OD

By Therese F. Yaeger and  
Peter F. Sorensen



Mary Likert has just been hired by XYZ Company to start-up and build an OD Department. Like most companies, XYZ Company is feeling the turbulent effects of the negative economic environment. As part of their recent strategic review, the company has decided that now is the time to start an OD operation in order to create an increased focus on innovation amidst cost containment.

Mary is an experienced and educated OD consultant with mostly external consulting and only some experience in a large corporate environment such as XYZ Company. In just a few weeks on the job, Mary is excited about her work with the XYZ employees. Already, with initial assessments, she has identified some of the major characteristics of the company’s corporate culture. For example, she sees the culture as running a “tight” operation. Success is defined as innovation with good margins and tight cost controls. The company also operates at a fast pace for its products, and that speed is reflected internally as well. In general, XYZ Company hires a large number of PhDs, engineers, and scientists. Most of the executive management level has been with the organization a number of years and has seen the company experience high levels of success and growth, which they attribute to the organization’s culture.

Mary understands that she needs to work within and contribute to XYZ’s culture. She also understands that the new OD function will be dependent upon her ability to deliver on the expectations of executive management. If she fails, OD fails. Mary

reports to the E.V.P. of Operations, who is a research PhD. Mary has strong support from her boss, and the executive group in general. She has met with all of the executives and is a member of the Monday morning executive meetings. At these meetings, Mary is expected to give advice and counsel on organizational strategy and organizational change. She is also expected to present regular reports on the status of the OD Department.

Mary is enthusiastic but apprehensive about her new position. She is concerned that she will need to deliver measurable results. These OD results must be based on the development of a strong business case for her projects and regular assessment of their progress. She also understands that she needs to develop the appropriate expectations of the executive group. She is also aware that some of her external OD consulting friends insist that good OD takes time, that change does not happen overnight, and that often OD does not lend itself well to quick measurement. Mary is concerned that this approach to OD is not going to be successful at the XYZ Company. In need of a strategy for measurement, a defined process, and appropriate tools, she will need quick, substantial, and measurable results to deliver at the Monday morning meetings.

What advice would you give to Mary?

### JASON WOLF

Mary’s challenge, while not new, seems more prevalent in these times. In my experience, organizations often identify a need

for the OD function without understanding the full implications of that decision or the commitment it requires. Add to this precarious foundation the weight of challenging expectations and we can truly feel Mary's predicament.

But is it a predicament at all? Mary has, as it sounds like she believes, an incredible opportunity to bolster a culture that has led to great results while showing the value OD can bring. I would first call her to reexamine the perspectives that "good OD takes time", a value-laden statement unto itself, and begin to frame a plan that both fits the environment she is in AND honors the impact she hopes to have.

Keys to her success seem clear and emerge from the very language of XYZ—"success defined as innovation", "good margins", "tight operation" and a long-tenured and well-educated employee base. The fact that she also has strong support at senior levels, including access to executive leadership and the expressed desire for her input, already lowers her first hurdle. Many OD departments never get past this first step.

Mary must now act quickly to simultaneously frame expectations and move to proven outcomes. Her opportunity may be rooted in the successes that XYZ has already experienced and should be focused on its desire to drive innovation in the face of cost limitations. For this, and in understanding her audience of PhDs, engineers, and scientists, I would suggest Mary has the unique opportunity to return to the very roots of OD as an applied behavioral science and to the Lewinian foundations of action research. Mary's path to immediate contribution and rapid impact is to help XYZ capitalize on its strengths in people, processes and products that have already led to measurable outcomes.

All too often in business settings, specifically in larger organizations, resources and capital are focused on buying the "best" solutions to address organizational challenges. It is this quest for the "best" that may actually lead an organization in the opposite direction—into a place of commonalities versus competitive distinction—and in doing so an organization will often overlook the best "best" of all, their

own internal strength. Mary's opportunity as OD leader is to stress the importance of looking inside XYZ, to the human capital, processes and know-how that have helped them achieve great things every day. Her ability to be both a valuable contributor

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While I do not dismiss Mary's need for a longer term development strategy, the opportunity for a quick and impactful launch to her OD efforts is in working with teams via an action research process to determine what people, products, and processes are most successful at XYZ. She has a chance then to "deconstruct" these findings with active working groups of leaders and employees to propose clear models of "proven" practice for leadership, product development, production, etc. and work with these teams to both share and then implement these findings as appropriate throughout the organization.

With this process she has already created a link to measurable results as the focus of the action research is on areas successful in both innovation and cost management. In engaging the organization around its successes and helping to broadly deploy these ideas, Mary emerges as a true strategic contributor, with a focus on expanding competitive strategy and a commitment to building an organiza-

tion capable of achieving and sustaining significant results with the very resources they possess.

Mary has the opportunity to contribute in one of the most strategic ways OD can. More than simply helping to frame the strategy through facilitation, or develop capacity through training, her role raises the level of awareness of organizational strengths, and ultimately results in a quick and valuable contribution to the company's strategy of innovation.

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#### AMY ALFERMANN

Mary has quite an opportunity to start-up and head an OD department but it will not be without its challenges. While some of the challenges are ones that all new OD departments face, some will be specific to XYZ Company. Mary sounds like she works for a company that is similar to many companies with their emphasis on running "tight" operations, controls, and focusing on innovation and speed. Mary's understanding of XYZ's culture is a huge first step and one that is important not to be overlooked. Recognizing the culture and values of the company not only positions Mary to speak to the company's values and what is important to them, but it can help point her in the areas in which she chooses to focus on first. Mary should be very grateful that she has the strong support of her executive management and that they include her in their meetings and look to her for input. Now it is time for Mary to step up to the plate.

Mary could first look to the organization's strategic plan for the next one, three, and five years to see how Organization Development can help in accomplishing the company's goals. This should also be compared and contrasted to what she heard in each of her individual meetings with the executives. Mary can then create OD's strategy, making sure that it links to and supports the overall business plan.

The measurable outcomes should, once again, be linked to what is currently being measured and of importance to the strategic plan, but Mary should keep an open mind that there may be some metrics that could be captured that are overlooked.

One thing Mary must do is to capture what these metrics are currently so that she has a baseline for comparing the impact the OD department has had and the value it has created. Some example metrics could include employee engagement scores, 360 feedback scores, customer satisfaction results, accuracy and reduction of errors, speed and time to market, new ideas, etc. Once it has been determined what the overall goal is and how it will be measured, realistic milestones can be created. This helps establish the expectations of the executive team on what the OD department

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is focusing on and is also good for Mary. Having these predetermined milestones will help remind Mary of the progress she has made when she might feel that she should be doing more. Some companies prefer to have a balanced scorecard or a dashboard visual that can highlight, at a glance, the progress that OD has made.

The biggest issue that Mary must remember in establishing the OD department at XYZ is to keep communicating with the executives not only on what the OD department is doing, measuring, and its progress but also to stay open to listening to what the executives feel the company needs and the direction it is headed. After all, without the organization, there would be no organization development.

#### GEORGE W. HAY

The success or failure of measurement is rarely determined by measurement itself but rather the larger organizational context in which that measurement takes place. Successful measurement comes from the alignment of the social system of the

organization with the technical system of measurement. Foundational to any success that Mary may have in leading the new OD department, therefore, is her active leadership in creating a favorable measurement culture.

My advice is based on general observation. Four recommendations for Mary flow from this perspective:

1. Study the past. I would advise Mary to learn the history of the organization by reading any relevant material in the company's archives and by interviewing the tenured managers who have seen a couple of business cycles and corporate initiatives come and go. Aside from becoming familiar with "insider's knowledge", this allows her to identify best practices and failure patterns. This will allow her to contribute to the Monday meetings based not just on the wisdom of her prior experience but on her detailed knowledge of XYZ.
2. Collaborate with gatekeepers and stakeholders. I would advise Mary to continuously meet with the key gatekeepers and stakeholders in and around the organization. Although this is a way to build support and influence, the primary objective for the meetings—at least in the beginning—is communicative. The objective for Mary is to find the words and concepts that create shared meaning and aligned action. Although this might sound simplistic, we often underestimate the unique professional micro-culture that shapes our personal vocabularies and how we make sense out of the world. The same words (i.e., quick, substantial and measureable) can mean different things

to different professional micro-communities. In order for her insights to be understood and valued, she will need to translate them into the language of the organization.

3. Analyze power. Measurement rarely occurs for the sake of learning within organizations. Measurement takes place to influence decisions that ultimately allocate resources. Thus all organizational measurement activities have the potential to change the power within an organization as the measured initiatives are stopped, started or continued. Mary needs to think through how her department and its measurement activities may change the power relationships within the organization. There are two additional power maps to create:
  - a) Map the power relationships of her boss so that she knows when, where and how they can be allies; and
  - b) Map the power relationships of the company as a whole so that she knows the sources of power that are inside versus outside her sphere of influence.
4. Gain recognition for small wins. Seek some early wins by demonstrating how OD adds value to current activities. One option is to link OD as a support function to the start of an initiative in another department. For example, partner with those responsible for innovation to demonstrate how OD knowledge can improve the early phases of new product development. Another option is to enrich the current organizational performance scorecard with content and techniques from OD. Can more reliable and valid metric of employee engagement be piloted? Can more sophisticated statistical analyses be conducted that prioritize the people metrics in terms of their contribution to organizational functioning? In sum, focus your measurement activity on smaller, more manageable areas of OD application. Avoid the big research project that tries to prove how essential OD is for the success of XYZ.

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**Yaeger and Sorensen Respond:**

Each of expert panelists contributes relevant and critical insights to Mary's situation. For example, Jason Wolf calls attention to the applicability of Kurt Lewin's action research as an approach to measurable outcomes. He also addresses the "good OD takes time" issue, and Mary's essential role of raising the level of awareness of the organization's strengths.

Amy Alfermann provides some examples of the metrics that might be used to assess the outcomes of OD. She also identifies a number of approaches for establishing appropriate expectations and establishing her role with executive management. Our third contributor, George Hay, raises the important issue that successful measurement is determined by the larger organizational context or culture in which that measurement takes place. He provides important steps for establishing Mary's success such as understanding the culture by studying the past; identifying and working with key gatekeepers and stakeholders; analyzing and understanding the power structure and the importance of small wins.

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Measurement is now more important than ever for the credibility of OD and its continued success. This is particularly true in a culture which is as metrics-oriented as XYZ. Thank you to our panelists, who each provide a wealth of experience and understanding to the importance of this increasingly critical component of OD—*Measurement of Outcomes*.