

Organization Development

Functions and Key elements

OD is a planned and integrated set of initiatives to implement sustainable changes in the performance and culture of an organization.

1 What is Organization Development?

Organization Development (OD) is a planned, institution-wide effort, managed and integrated by its leaders. OD seeks to increase the effectiveness and long-term sustainability of an organization through interventions in its culture and business processes. These interventions use knowledge and skills from behavioral sciences that deal with change management.

OD is often misunderstood to mean the individual interventions, but such activities are only the most visible part of a complex process. Some of the most widely used approaches are Total Quality Management, an evolutionary approach to improving an organization or Re-engineering (a more revolutionary approach).

Such approaches may use any of the following activities

- Strategic planning, communications and team building.
- Education, training and multi-skilling
- Automation and de-layering of the organization
- Outsourcing or Offshoring

2. What are the key aspects of Organization Development?

- *Planned.* OD takes a long- term approach to improve organizational performance and efficiency. It avoids "quick-fixes".
- *Organization-wide.* OD focuses on the total system not on small parts of the organization or on incremental improvements
- *Strong leadership.* To be effective, OD must have the total support of top-management. They have to live it, not just state or approve it. Leaders must also invest time and resources to ensure the buy-in and ownership of staff members throughout the organization.
- *Increase organization effectiveness and health.* OD is bottom-line focused. Its goal is to improve the organization, to make it more effective and more competitive by aligning the organization's people and systems with its vision.
- *Planned interventions.* After proper preparation, OD uses various interventions to make system-wide, sustainable changes in the organization.
- *Using behavioral-science knowledge.* OD combines research and experience to understand people, business systems, and their interactions.

3. Why do Organization Development?

Because the bottom line matters for survival and growth. Some of the key drivers are:

- *Optimization of Cost.* Variable cost often represents a large portion of the operating expense of organizations. Optimization of this cost certainly makes the difference between success and failure or survival and growth. OD helps to focus on this area by critically reviewing and ensuring value addition in all business processes.
- *Increasing complexity of the workplace.* Staff members today want feedback on their performance, a sense of accomplishment, feelings of value and worth. This places a very high emphasis on education and communication during periods of change. They need to be more efficient in managing their time and organizational resources. To do more work with less, people have to be more efficient and multi-skilled. So Training and development assume high importance. When business strategies change, the competency requirements often change and management of the alignment process is time-consuming and complex. Finally diversity at the workplace is becoming essential for business success.
- *Streamlining of Business Processes.* Through unplanned evolution, business processes become ineffective over time. Then it becomes essential to review each business process in its entirety rather than through the perspectives of individual silos of organizational units. This leads to simplification, avoiding duplications, redundancies and higher automation. This is a very effective way to manage the same business with less resource and to re-assign the freed-up resources to new business needs. This leads to processes that create competitive advantage through combinations of lower cost, faster turn-around, higher quality, better customer responsiveness, more environment friendliness etc.

4. Who should do Organization Development?

OD is usually facilitated by change agents-- people or teams that have the responsibility for initiating and managing the change effort. These change agents may be either employees of the organization (internal consultants), people from outside the organization (external consultants.) or a combination of the two. Effective change requires leadership with knowledge, and experience in change management

5. Typical Organization Development Process

Following is a typical sequence of the OD process. It would be ideal if the real OD process followed these steps sequentially. This rarely happens. Instead, the organization must be flexible and be ready to change their strategy as necessary. Often they will have to move back and repeat previous steps in light of new information.

Step	Activity	Critical Success Factors
<i>Entry.</i>	This is the marketing phase to find the needs for change within an organization. It is the time to quickly grasp the nature of the organization, identify the appropriate decision makers, and build relationships based on trust	The purpose and scope of the initiative should be defined and communicated to the extent they can be done at this stage
<i>Start-up and contracting</i>	Identify real issues and the initiatives to address them. Define critical success factors linked to the organization's values, vision, Strategy and processes. Assess the organization's readiness for change. Create Change Management Teams and clarify roles. Start dealing with resistance within the organization	Evaluate the Culture and Values of the organization and redefine if necessary. Launch strong education and communication campaign to build support for the initiative and for people to see the need for it.
<i>Assessment and diagnosis</i>	Collect data in order to find the opportunities and problems in the organization in order to formulate appropriate interventions.	Use of external agencies is necessary at this stage to ensure objectivity and to gather soft information
<i>Feedback</i>	This two-way process serves to communicate findings, based on an analysis of the data. Everyone who contributed information should have an opportunity to learn about the findings of the assessment process. This provides an opportunity for the organization's people to become involved in the change process, to learn about how different parts of the organization affect each other, and to participate in selecting appropriate change interventions.	The feedback must go to all levels of the organization.
<i>Action planning.</i>	Distil recommendations from the assessment and feedback, consider alternative actions and focus the intervention(s) on activities that have	A participative decision-making process would be effective for the intervention. A clear and simple plan linking various initiatives

	the most potential to create positive change in the organization. A logically organized implementation plan will be developed, which would be result-oriented, measurable, and with incentives and rewards.	should be developed and communicated to all staff members and other stakeholders who might be affected by the changes.
<i>Intervention.</i>	Only now is the change process initiated. It is important to follow the action plan, yet remain flexible enough to modify the process as the organization changes and as new information emerges.	Support with an internal empowered Change Management Team and a sustained communication campaign.
<i>Evaluation</i>	Successful OD must have made meaningful changes in the performance and effectiveness of the organization. There should be a clear evaluation procedure to verify this success, identify needs for new or continuing OD activities, and improve the OD process itself to help make future interventions more successful.	Clear goals and performance indicators should be established and contracted. Frequency of tracking and monitoring of value addition should be increased
<i>Adoption.</i>	Follow-up by implementing processes to ensure that OD remains an ongoing activity within the organization.	Institutionalize the change management process by making it part of the key performance goals
<i>Close-Out.</i>	Decide further work on this initiative would be counter-productive and close out.	Establish mechanisms to evaluate the success of the change at regular intervals and make tough decisions to stop if necessary

To be successful, OD must be very participative with the buy-in, ownership, and involvement of all stakeholders, not just of the employees throughout the organization. This ensures internalization of the changes and sustainability.