GO Global Organization Design Society

READINGS IN GLOBAL ORGANIZATION DESIGN

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INSIGHTS FROM A REQUISITE ORGANIZATION DRIVEN BUSINESS TURNAROUND: MALLINCKRODT BAKER INC.

by Ron J. Harding, Former President, Mallinckrodt Baker, Inc.

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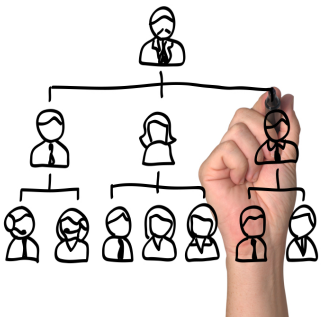
Insights From a RO Driven Business Turnaround

Ron J Harding

Insights From a RO Driven Business Turnaround

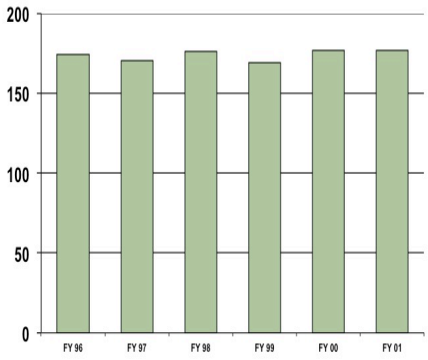


Agenda

- Background on business turnaround
- Overview of turnaround priorities and activities
- Energizing engagement and aligning priorities with **Strategic Deployment**.
- Creating a process for **Cross Functional Alignment**
- Final thoughts and my conundrum

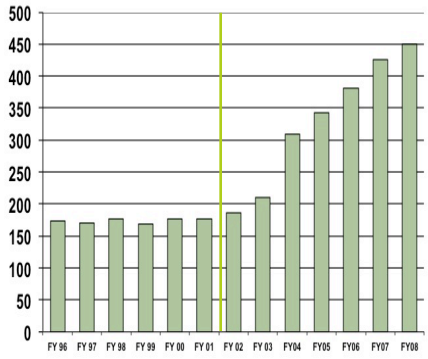
What's a Business Turnaround

- Mallinckrodt Baker (MBI) created by combining two 100 year old businesses.
- Struggling to find relevance in a flat to declining market.
- "One dog added to another dog just makes a bigger dog!"



Delivering Exceptional Results

- Created 2 additional business segments in growing markets to leverage internal capability.
- Growth from expansion into adjacent markets while building R&D capacity.
- Used RO managerial leadership behaviors to change from paternal to high performance culture.



Insights from a Turnaround (1-4)

- ✓ Always start with Strategy. Find avenues for new business growth and find efficiencies to pay the bills.
- ✓ Evaluate and understand how to leverage current capabilities.
- ✓ Be open, frank and hopeful, but be clear about current state of business.
- ✓ Be specific about direction, define success with metrics, and communicate what must be achieved first.

Insights from a Turnaround (5-8)

- ✓ From the first day take specific actions to learn from existing leadership and managers, and evaluate their current capabilities and potential.
- ✓ Follow sound principles for management of change.
- ✓ Once strategy is developed, design and implement structure with appropriate CIP, SKE and VPI.
- ✓ Strive to move long-term managers into new roles

Insights from a Turnaround (9-12)

- ✓ Create or improve work processes to support new strategies and structure.
- ✓ Personally induct leadership team into requisite behaviors.
- ✓ Cascade RO behaviors to all levels and all managers as the new and only way of working.
- ✓ Constantly review status of organizational and system effectiveness.

Strategic Deployment

- ❑ Only 14% of Executives are satisfied with strategy execution.
- ❑ Strategic planning is often a once per year activity.
- ❑ Strategies are not linked to individual priorities and resource allocations.
- ❑ Strategic Deployment is the translation of a strategic plan into task assignments impacting every employee.

Turn Thinking into Priorities

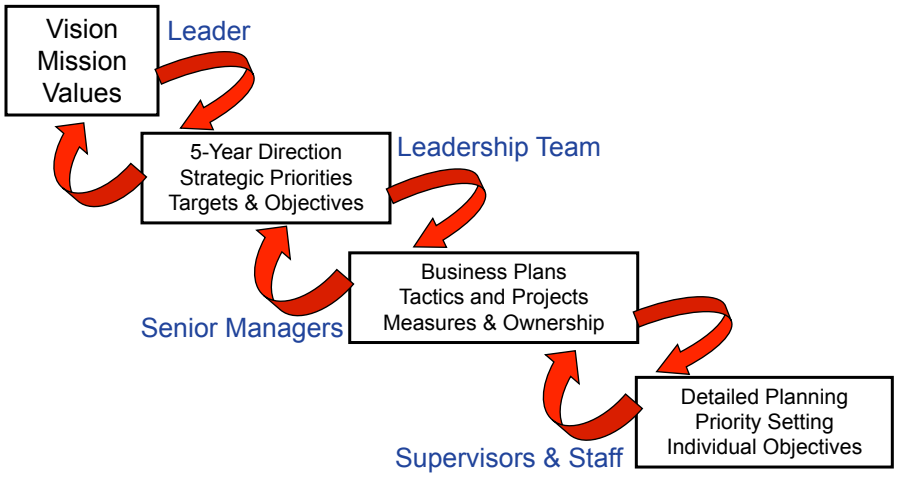
Focus strategies into 4-5 areas and cascade using normal organizational structure.

- Customers/markets/ products
- Internal Effectiveness
- People/Culture/ Organization
- Financial Performance

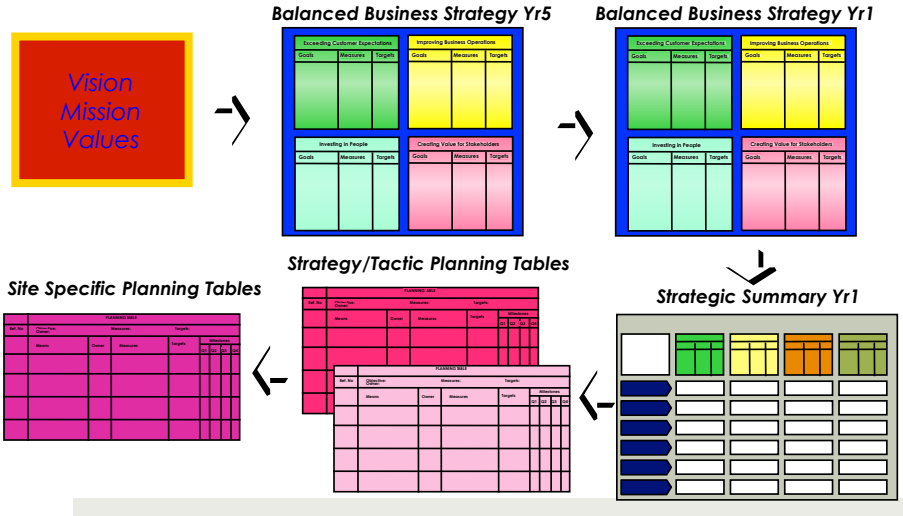
Improving Business Operations
Internal Effectiveness

Objectives	Measures	Targets
Increase inventory turns	Turns per year	7
Increase internally manufactured products	Percent of total pounds	40%
Improve productivity	% gain per year	4%

A Process of Alignment and Commitment



Strategy Deployment Work Sheets



Strategic Deployment Insights

Keys to Success

- ✓ Use Leadership Team to inform and input on strategies
- ✓ Establish an annual process of cascading strategies into tactics and then into action items.
- ✓ Assign ownership of strategies, tactics and action items based on matching strategy to level of owner.
- ✓ Link executive review meetings, performance management, and daily walk arounds to Strategic Deployment

Cross Functional Alignment

- Working across departments is challenging in the best of circumstances.
- Possibly the largest pain point in mid to large businesses.
- Power politics (or even deceit) are common tools to achieve results.
- Managers tend to avoid dealing with cross functional issues due to potential conflicts.
- Achieving positive results may be easier than you think.

Task Initiating Role Relationships

Role components / Accountabilities & Authorities	Prescribe	Audit	Coordinate	Monitor	Service getting	Advisory	Collateral
A can instruct B to do something	✓	–	–	–	✓	–	–
A can instruct B to stop & B stops	✓	✓	–	–	–	–	–
A can instruct B to delay & B delays	✓	✓	✓	✓	–	–	–
A and B disagree . A decides	✓	✓	–	–	–	–	–
A can be informed about B's work	✓	✓	✓	✓	–	–	–
A can have access to persuade B	✓	✓	✓	✓	–	–	✓
A can have access to explain to B	✓	✓	✓	✓	–	✓	✓
A can call coordinative meetings with Bs	–	–	✓	–	–	–	–
A can report higher about B	✓	✓	✓	✓	✓	–	–
If A and B disagree, they do what their immediate manager would want	–	–	✓	–	✓	–	✓

A=Initiator B=Responder

CF Alignment Process

- General Manager or above should start with the value chain diagram and determine "touch points".
- Work with select department managers (Level 3-4) and use TIRR's to decide and document accountability and authority of each "touch point".
- Use lowest TIRR authority to insure accountability stays with appropriate individual.
- Follow up in within 30 days and revise as necessary
- Establish annual review.

Cross Functional Alignment Insights

Keys to Success

- ✓ Initial judgments of TIRR is tainted by past issues. Remove this "old baggage" from the discussion.
- ✓ General Manager works with direct reports to complete TIRR decision process. GM makes all final decisions. No abdication.
- ✓ A TIRR decision meeting should be 3-4 people. Have multiple meetings as necessary.
- ✓ Accountability = Authority in all cases.

Defining "Good Management"

- The ability to achieve excellent results in spite of the systems and obstacles.
  - Most high potential managers learn this early in their career.
  - Failure to overcome obstacles is viewed as weakness.
  - CEO's credit their success to the ability to achieve in spite of challenges.

RO Informed Definition of "Good Management"

- The ability to create and maintain an organization and system delivering reproducible, exceptional results.
  - A paradigm shift for managers.
  - Moves from Reactive to Proactive strategic management.
  - Potential for 10-40% improvement in results.

Thank You

QUESTIONS?

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GO Global Organization Design Society

GO SOCIETY PURPOSE AND VALUES STATEMENT

To support the organizing of work in a responsible, fair and healthy manner in which people are led in a way that enables them to exercise their capabilities.

The Society believes this requires applying a systems framework* emerging from reflective inquiry in which levels of work and capability are the initial paradigm and growth in human awareness is the essential process.

The benefits are organizational effectiveness, fulfilled people and organizations designed for value-creation, sustainability and social well-being.

Note: inspired by the work of Wilfred Brown and Elliott Jaques

The *Global Organization Design Society* was founded in 2004 to establish and operate a worldwide association of business users, consultants, and academics interested in science-based management to improve organizational effectiveness.

The GO Society fulfills its purpose by:

- Promoting among existing users increased awareness, understanding and skilled knowledge in applying concepts of Levels of Work Complexity, Levels of Human Capability, Accountability, and other concepts included in Requisite Organization and/or Stratified Systems Theory.
- Promoting among potential users of the methods, appreciation of the variety of uses and benefits of science-based management, and access to resources. The GO Society supports the learning and development of current and future practitioners by holding world conferences and professional development workshops, publishing books and a journal, and maintaining a resource-rich web site with related articles, monographs, books, videos, blogs, discussion groups, and surveys.

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