

# Improving Organizational Capability

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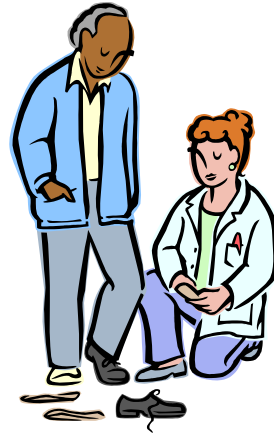
# Background

- Experience with more than one hundred situations over a 28 year period.
  - Different operations within companies
  - Scores of suppliers to General Motors
  - Clients
- Useful to classify organizations into one of 3 Levels of Capability.
- Empirical classification - not based on a theory.
- Great usefulness in moving organizations to better levels of performance and capability.
- Not aware of this being published anywhere.

# Three Levels of Capability



**Level 1**  
**The Survivors**



**Level 2**  
**The Stable and Capables**



**Level 3**  
**The Great Performers**

# Level 1 – The Survivors

These organizations usually depend on a limited number of subject matter experts to call the shots. These organizations often see their “Tribal Knowledge” as their competitive advantage when in fact it can act as a handicap.

- Practices and processes aren't repeatable or documented.
- Employee burn-out and turnover rate is often high.
- Organization struggles to pass on lessons learned.
- Organizations tend to be very hierarchical.
- Leaders spend a lot of time on day-to-day operations, defusing crises, and holding things together.
- Growth of the organization is greatly handicapped.



## Level 2 – The Stable and Capables

These organizations are run by using repeatable, capable and documented processes. Companies operating in this way are often ISO registered: ***They say what they do and do what they say.*** These companies usually do not fear audits.

- Lessons learned are baked into best practices and procedures.
- Employee training is standardized and retention is good.
- As empowerment is driven down in the organization, structure can become flatter and more efficient.
- Leadership spends more time planning for the future and connecting with outside organizations.
- Growth is greatly facilitated.

# Level 3 – The Great Performers

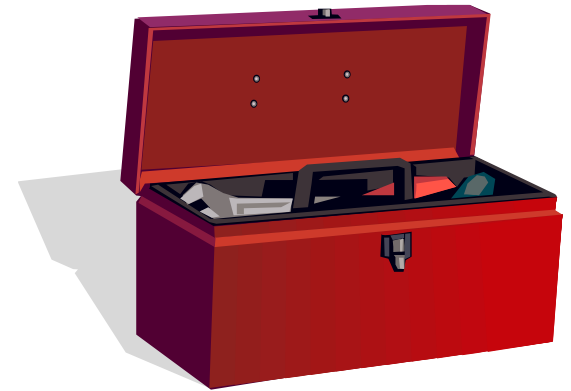
Beyond Level 2 performance, these organizations are well integrated internally. Despite an appearance of being large or complex organizations, they find it easy to be agile and meet new challenges. They are usually highly profitable and innovative.

- Organization structures are very flat and efficient.
- Have a common problem solving approach (i.e. Six Sigma)
- Organizations have mastered sensible risk taking ventures with high return potential.
- Outsiders can walk into the organization and quickly understand how they work because things are visible.
- Leaders can spend more time working outside the organization: exploiting opportunities / defusing threat.

# Moving to Level 2 and 3

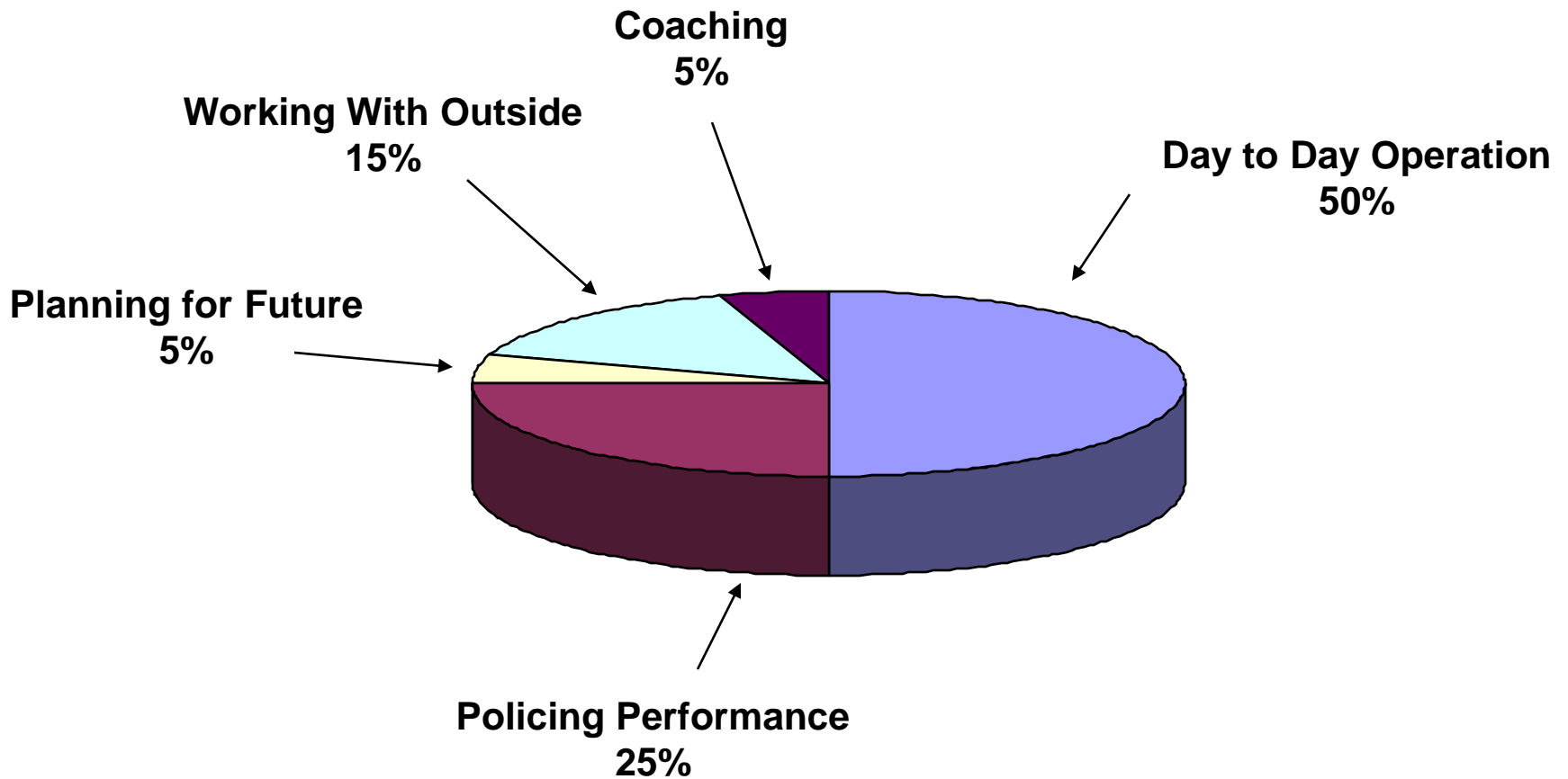
## THE UNIVERSALLY IMPORTANT STUFF!

- Streamline your core business processes.
- Make processes visible and measure.
- Make processes common, document, and train.
- Establish teamwork-based approaches to tackle challenges that cut across multiple parts of the organization.
- Make expectations of people explicit, assign ownership and hold them accountable.
- Create a culture where people get ahead of their problems so crises never happen in the first place.



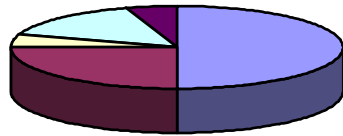
**BIG** Toolbox

# Typical Leadership Profile for Level 1

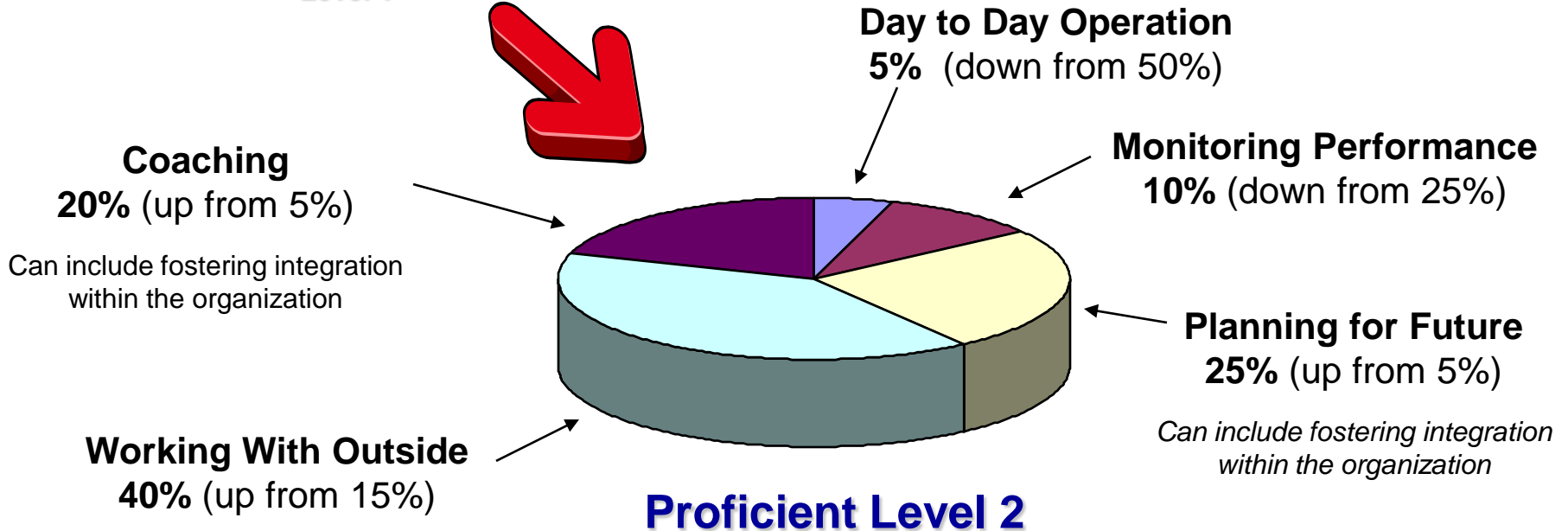




# Leadership in a Proficient Level 2



Level 1



# What a Client Should Expect in Level 2

- Noticeable reduction in wasted effort and time.
- People know their responsibilities and empowerment – it's explicit.
- People know quickly when something isn't working right and they know what path to follow to get it fixed.
- Meetings are more focused and action oriented.
- Minimal time wasted debating what is best practice – it's spelled out in your common processes and now subject to continuous improvement.
- Enthusiasm is noticeably better.
- Organization gets business results – *Follow the process and the results will come.*

