

# Article

## The Lean vs. Skeletal Organization: Preparing for Sustainability and Succession

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For the past three years organizations have been reducing staff, cutting expenses and generally doing what is necessary to heal their balance sheets. This process of “scaling” to align with the economic climate and business margin requirements has posted both positive and negative results for many of these companies. Reactionary change, such as we have seen during this crisis often results in data points that exceed the control line on either side of the norm. Thus, we have seen an equal over compensation of eliminating jobs which off-set the over population of them during the good years.



For those of us who have been through several business cycles such as this latest downturn this phenomena is well known. It has been called, right-sizing, down-sizing and reengineering for the less PC crowd. Whatever it is called, it results in gaps in the human capital of organizations. These gaps are seen on the down-side with the mark of under-staffing, which contributes to a jump in productivity, which validates the cuts and thus beginning the down-sizing cycle. Once the company begins to rebound in the cycle, hiring starts and staff expansion builds equal momentum to the up-side. Hence, we never really obtain stability, our organizations are always in a bubble and bust mentality and the human capital tends to be the most impacted.

To further compound the above issues, this economic downturn has been severe and the pain associated with the loss of jobs is more recognizable and wide spread than anytime we can recall. So, is there something we can do differently as leaders, something we could embrace to flatten the undulations and reduce the whip-saw effect of the bubble and bust culture? I believe there is; I believe we can focus on “sustainability” and “succession” to reduce the impact of environmental change in the organization.

These two words can, on the surface, seem like common sense and logic; we may even believe that we already embrace the concepts. However, I have seen time and time again, organizations that pay lip-service to them, yet do not create imbedded actionable plans to ensure they are accomplished. This shows up when we seek to deploy new products, start new projects, seek to expand or even deploy continuous improvements within the company. We also see instances of lower quality due to “thin” staff and stretched resources. In fact, we just saw an admission by Akio Toyoda that supported this theory; he was quoted on CNBC as saying, “we have expanded to quickly and lost focus on quality, for growth.”

As we emerge from this downturn we must focus not only on the cause that got us there, but also on the lessons we learned while we were there. To this point the environment is rich with examples; however for the context of this article we will pay the most attention to sustainability and succession.

Here are some action items that companies can take to avoid the “skeletal effect:”

1. Begin cross-training within the matrix of your organization
2. Seek out and merge redundant roles
3. Deploy behavioral interviewing techniques
4. Assure strategic, operational and tactical plan alignment
5. Create succession plans by job role and function

6. Design complete competency models for job roles
7. Embed performance metrics into the function of the job roles
8. Create awareness to market conditions and provide for dynamic change
9. Shift toward a project based operational structure
10. Illuminate and manage expectations

These ten items do not guarantee that you will lessen the highs and lows, but they do provide a starting point of consideration that will most defiantly set you on the right path. Each of the action items could require significant organizational change depending on the culture of your company. I recommend a complete analysis to determine how much change and what needs to change before you embrace any one initiative.

The ultimate goal is to create a baseline of operational excellence which is supported by a dynamic culture. With that in mind, here are some tasks that can be considered to get started:

1. Development of current and end state organizational structures
2. Design of assessment tools/gap analysis
3. Process design/redesign
4. Training
5. Measurement

The above five tasks are made up of many activities and have direct correlation to the ten points defined above. This is a complex and necessary change strategy to achieve the true benefit of sustainability and succession. Each organization is different and will require a unique solution; there is no “one size fits all” solution for this initiative. Also, this must start from the top as there are many strategic components and the tone will drive all of the mid level activities. I recommend a direct attachment to the executive committee and an open channel of communication during implementation. With that said, there are some actions that organizations can take from a departmental perspective such as, training, cross-training and competency modeling. In fact, many of our clients are now embracing this “from the middle” approach by deploying orientation programs, mid-manger, and transition learning tracks. In this scenario, even if the environment changes radically, they have a staff of prepared individuals to off-set the swings.

If you are interest in learning more about these concepts please contact the author at [info@amsconsulting.com](mailto:info@amsconsulting.com).