

EBOOK

# The CEO's guide to designing a successful organization

# Talent optimization for CEOs

As CEO, you're responsible for business results. But while every CEO has a business plan and most have a financial plan, few have an intentionally-designed people plan that will help drive those results.

Successful CEOs intentionally align their people strategy with their business strategy—by following a four-part discipline called talent optimization.

In this e-book, we'll walk you through the second aptitude of talent optimization—Design—and how to practically apply it in your organization. This process will require collaboration amongst your entire senior leadership team. It's necessary that your executive team is aligned on this process to achieve optimal results.

Let's take a closer look at the Design aptitude.



# Design your people strategy.

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Design is where you'll create and continuously evolve your people strategy.

Many organizations grow a bit haphazardly—adding new team members as needed, without much thought as to how they impact team dynamics. This approach ultimately causes results to suffer, as leaders may be incredible individual contributors but lack the ability to inspire and motivate employees.

An organization, its leadership, its culture, and its team dynamics must be intentionally and strategically designed if businesses want to achieve success. Without this intentionality, results are left to chance.

**PRO TIP: Remember that designing your organization is not a one-time event. You'll want to reassess from time to time as business goals and needs change.**

There are four activities that comprise the design aptitude:

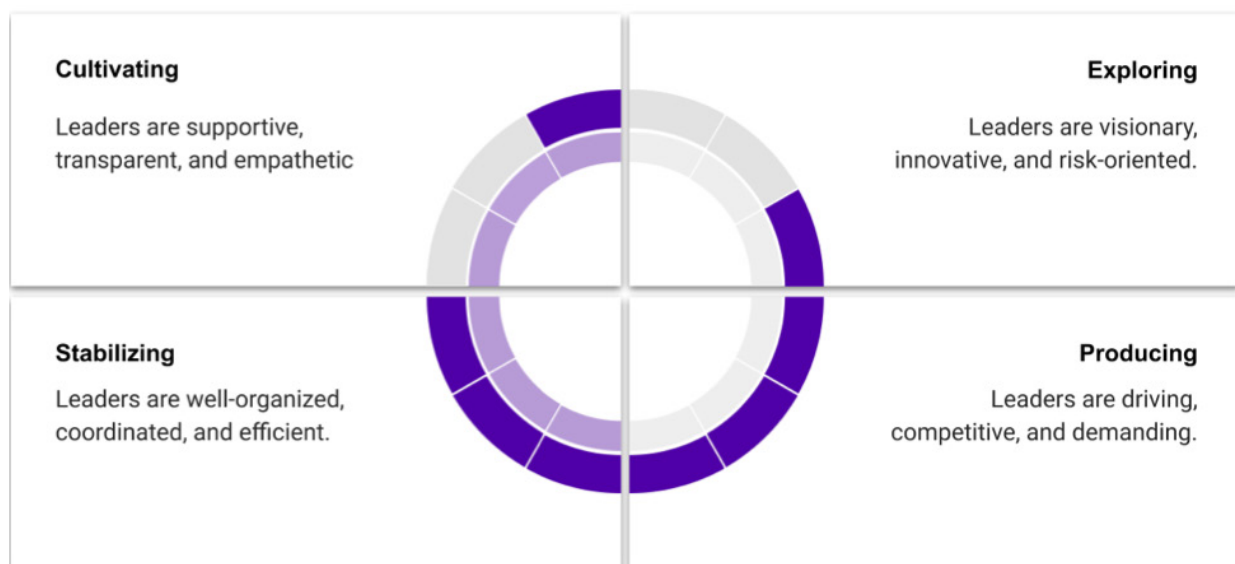
1. Select your organization's structure.
2. Evaluate your leadership team fit.
3. Establish your culture.
4. Understand senior team dynamics.

Let's look at each in practice.

# Select your organization's structure.

No one organizational structure works for every business. The organizational structure needed will depend on the business strategy at play. For example, if your business strategy requires innovation and rapid decision making, you'll need an org model that's relatively flat, with little middle management, so communication can flow freely and so individual contributors are empowered to work autonomously.

In addition, your business strategy will dictate the behaviors needed from your employees. In contrast to the previous example, if your strategy requires loss prevention and risk mitigation, any hires you make should be wired to pay close attention to detail, analyze a situation thoroughly before making a decision, and mitigate risks.



There are two steps to effectively choosing your organization's structure:

## **Select an organizational structure that supports your strategy.**

The right organizational structure is one that's aligned with your business strategy. When designing your organization, be sure to include the following steps:

- Create new jobs.
- Consider how jobs relate to one another.
- Define span of control.
- Define workflows and systems.

At this point, keep names off the org chart. It's not about who you're putting in each role, but rather understanding what the role is, where it falls organizationally, and what the responsibilities are.

## **Update organizational structure whenever needed.**

Selecting your organizational structure is not a one-time event. As your business grows and changes—such as with an acquisition, a new product, or the growth of a division—you'll need to revisit and revise your organizational structure to support this evolution of your company.

Your organizational structure will influence behaviors among your employees. By proactively managing your organizational structure, you can use it as a lever for change.

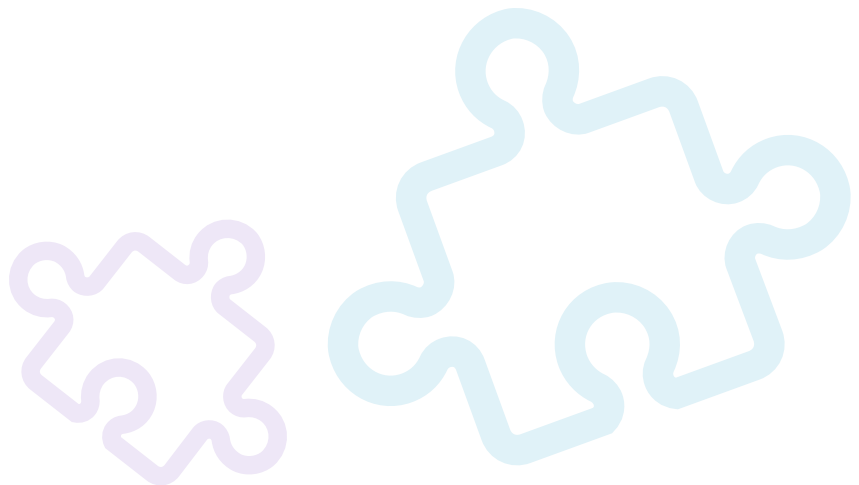
**PRO TIP:** If you're practicing the first aptitude of talent optimization—Diagnose—you'll know when it's time to update your organizational design. While most changes are planned, there may be times when your structure needs to evolve in response to an issue, such as low engagement.

# Evaluate your leadership team's fit.

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Just as your business strategy requires an organizational model to support it, your strategy requires certain leadership abilities to execute. For example, if your organization is in hypergrowth mode, your strategy will require executives who are wired to move quickly and take risks.

In addition to possessing behavioral traits aligned with business strategy, senior leaders must have a willingness to develop leadership abilities that don't come naturally to them. For example, a leader who is naturally extraverted and collaborative may need to grow in their ability to collect and analyze data. Without these critical competencies, organizational growth may stall.



## **Map leadership competencies to the business strategy.**

A core tenet of talent optimization is taking an objective, data-driven approach to people strategy. This starts with mapping leadership competencies to your business strategy.

For example, the leadership competencies required to grow a start-up are different than those required to lead a more mature organization that's stable in its growth.

To create your leadership competency map, start with each key initiative or strategic activity included in your strategy. Then, identify the specific leadership skills and behaviors required to successfully execute the activity.

## **Identify senior leaders' fit to the required competencies.**

The next step is to identify which of those specific leadership skills and behaviors are embodied by your existing senior leaders—and which need to be developed to successfully execute the business strategy.

Take an objective approach to collecting this data by using a combination of behavioral assessments, proficiency ratings from C-level executives and peers, or 360 reviews. The results of this data collection should be reviewed in the context of the leadership abilities dictated by your chosen strategy.

## **Develop and execute a plan to address leadership gaps.**

Ideally, your senior leadership team would possess all the attributes necessary to successfully execute your business strategy. However, there may be gaps between what your strategy requires and what's available on your team. These gaps must be addressed in order to optimize talent.

One way to address these gaps is leadership development. As long as a leader is self-aware and willing to grow, they can develop capacity over time and mitigate any adverse impact on company results. These leaders may also find that they're able to leverage strengths to compensate for weakness. For example, a leader who is naturally wired to create and follow processes but doesn't care much for details may use that strength to create a process that prevents them from making mistakes.

It's important to note that no matter how capable or intelligent a leader is, if they're unwilling or unable to address this need, they should be removed from the team.

Another way to address leadership gaps is to purposefully hire a new senior leader who embodies those qualities. If this isn't a possibility, another option is to delegate to less senior team members.



## Embrace a philosophy of “leaders at every level.”

Embracing a philosophy of leaders at all levels empowers employees to consider how they influence the work to be done and those around them. The scope of leadership may vary from individual contributor to middle and first-line manager to senior executives but the mindset of ownership of one’s locus of control remains the same.

This concept serves three main purposes:

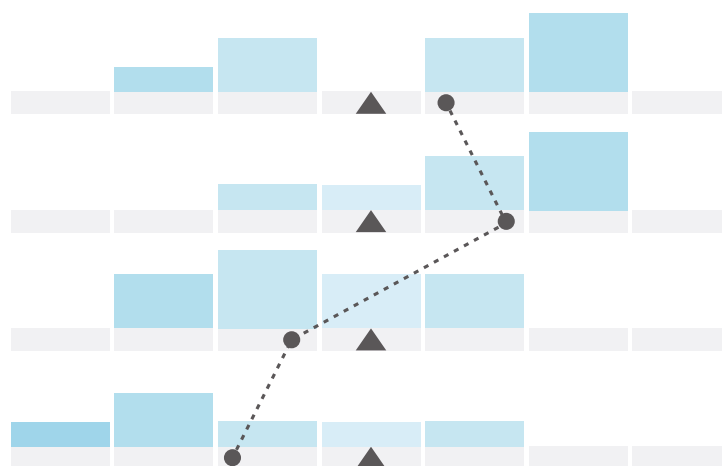
1. It allows for scale. Middle managers are needed to reinforce the intent of senior leadership on a day-to-day basis.
2. It lessens the possibility of a leadership void, should a leader step down from their position.
3. It develops future leaders, stimulating higher levels of employee engagement and leadership readiness.

# Understand senior team dynamics.

Cohesion and alignment are key to achieving business results. If senior leadership isn't in agreement on strategy, or doesn't work well together to execute, KPIs are affected. The best way to ensure team synergy is by understanding team dynamics.

This starts with an understanding of the self—how one works, leads, communicates, and makes decisions. It then expands to include an understanding of how other members of the leadership team are wired and how to best work together.

This level of self-awareness and synergy is important to model at the top, as it sets the tone for the rest of your organization.



# Establish your culture.

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Culture is a result of deliberate, intentional action. As with your organizational model, culture should be established with your business strategy in mind.

Organizational culture comprises your business's core values, rewarded behaviors, and performance drivers. It plays a key role in employee engagement and driving business success. When employees feel connected to your company culture, they put in discretionary effort—they go above and beyond their job requirements to be of value to the organization.

Here are three steps to take when establishing your company culture:

## Map cultural factors to the strategy.

Choose which core values and behaviors you want employees to embody.

For example, if you work in an industry that's constantly changing, you want a culture that values continuous learning, innovation, and agility. While risk management and critical thinking may be valuable skills, they don't directly support your business goals.

**PRO TIP: Leverage the strategic insights from your leadership competency map to choose core values that reflect your business strategy.**

## Identify current culture fit in relation to business strategy.

Where is your organization currently in relation to the values you defined? This can be assessed using a combination of engagement surveys, focus groups, consultants, and simple observation.

Be sure to assess the following:

- **Jobs:** Do you have the right people in the right seats?
- **Practices:** How does the business currently operate when it comes to collaboration, decision making, and execution?
- **Values:** What beliefs and values underlie current decisions?
- **Leadership:** Are leaders empowering their direct reports or micromanaging them?
- **Behaviors and rewards:** What behaviors get rewarded? How is performance evaluated?
- **Compensation strategy:** Does your compensation strategy reinforce or conflict with the values of your organization? (For example, organizations may value teamwork and collaboration but reward individual performance).

## **Develop and execute a plan to address culture gaps.**

Similar to how you identified and addressed leadership gaps, it's critical to develop a plan to address culture gaps. This may include making changes to your compensation and benefits, how you communicate and make decisions, and who you promote to leadership positions.

When executing your cultural change plan, be sure to communicate clearly and frequently the changes you're introducing and why. This transparency fosters trust that the organization is working in the best interests of all involved—not just for leadership. Consider areas of friction that might arise and formulate ways to address them by listening to employees' concerns and welcoming their ideas.

It's important during this time to set new expectations for performance—then hold employees accountable to those standards. If you're recognizing and rewarding behaviors that aren't aligned with your new values, dissonance arises and your culture will revert back to its former state.

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talent optimization?**

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