WHY DO EVEN THE BEST STRATEGIES FAIL

(or fail to deliver the expected results)



The Organizational Challenge as a source of value creation
and Cooperation to govern complexity

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VALUE
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Management Consultants

STRATEGY, ORGANIZATION, HUMAN RESOURCES

Cooperation to govern Complexity

Why do so many really good strategies fail or fail to deliver the expected results?

Although there are several different reasons for this, there is (nearly always) a common factor: People.

The issue is not the lack of skills or the knowledge required, but mainly the problems relating to individual organizational behaviours or organizational functioning mechanisms.

Active Value Advisors has been dealing with this problem for years, as we believe that its solution could provide a huge source of value creation.

Why?

Because the simpler and more responsive companies where all the resources work as a real "team" with motivation and clear goals achieve best performance.

To get this results businesses should ask themselves the following questions:

- *What are the obstacles to good functioning?*
- *How can we spot them?*
- *What "game module" fits my business?*
- *Who are the real pivot/directors?*
- *Where do we start?*

These are the key aspects we need to sort out, indeed other consulting companies support our belief.

Let's start by considering the following book.

The People, their Organization, and their level of Cooperation are the aspects that enable delivering effective strategies and achieving expected performance

SIX SIMPLE RULES *(Yves Morieux, Peter Tollman - The Boston Consulting Group)*

"Business complexity has grown six-fold over the last sixty years. Concurrently, the complicatedness of organizations (i.e. the number of facilities, processes, committees, systems) has gone up a generous thirty-five times: in an attempt to respond to increasingly complex performance objectives, organizational mazes have been created making it more and more difficult to improve productivity and promote innovation.

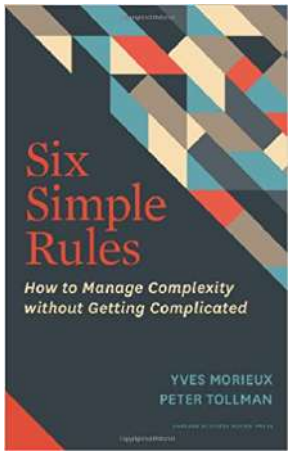
Neither this kind of "hard" solutions, nor "soft" ones like Team Building can help manage complexity: what we need to do is to leverage more interaction and cooperation among resources as key elements to meet effectively the objectives and improve productivity in order to take any opportunity to create competitive advantage".

What does this mean?

To achieve good performance in an increasingly complex world, it is necessary to work not really and only on the organizational skeleton, but on the nervous system of the enterprise i.e. on the connections among the resources i.e. how they work together.

Fostering cooperation among resources represents a difficult cultural challenge to promote continuously without having a measurement proxy.

Cooperating means compelling people to confrontation and to work giving up protecting their autonomy, which often represents a source of duplication



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There is also the following valuable research.

2019 Deloitte Global Human Capital Trends *(10.000 managers from 140 countries)*

At the first place among the Top Human Capital Trends there is the will and the need to build network-based organizational ecosystems. This means that the most performing and state-of-the-art businesses are gearing up to 'replace' structural hierarchies by enhancing relational networks among Resources/Teams (what is often called 'Empowerment').

The reason why is still the same: organizational agility plays a central and fundamental role in the ability to compete with businesses. 94% of respondents answered that cooperation and organizational responsiveness are extremely critical to their success.

How do we achieve this and where do we start?

The methodology for starting the "Organization of the Future" is the Organizational Network Analysis *(details Box)*.

According to this research, only 8% of the companies involved in the survey actively use this approach, 48% have experienced some implementation.

The Organizational Network Analysis is the starting point for building the "Organization of the Future", i.e. ecosystems based on networks and Cooperation among resources



ORGANIZATIONAL NETWORK ANALYSIS or ANALYSIS OF INFORMAL NETWORKS

- This methodology enables us to know and map the real functioning of large organizations by analyzing the work relationships and the level of cooperation among resources.
- Through such informal connections (transversal to company charts), information, problem-solving, operational support, effectiveness, productivity, and ideas travel.
- The Organizational Network Analysis (ONA) visualises and interprets the characteristics of the interactions (kind of, density, strength, centrality), the type (nature and quantity) and the performer's identity (broker, hub, bridge) to spot and interpret the relationship and swaps of value in organizational and business processes.

In a nutshell

1. The proliferation of heavy and bulky organizational structures that arise in response to growing instances of increasingly complex competitive contexts undermine business efficiency and hinders the achievement of results,

THE PROBLEM

2. To defend performance and competitive advantage we need to win the organizational challenge,

THE CHALLENGE

3. Promoting cooperation and confrontation behaviours among people/ structures is the way to foster innovation, productivity and responsiveness of your organization,

THE SOLUTION

4. The tool and methodology to face this challenge is the Organizational Network Analysis (ONA), which is the starting point for getting to know your organization and understanding where to look for speed, productivity, efficiency and act on managerial behaviours.

THE TOOL

But who has to sort this out?

MISTAKE # 1 - THINKING THAT THE INITIATIVE SHOULD BE TAKEN BY THE HR DEPARTMENT/ORGANIZATION

- In nearly all companies the HR department hardly takes action for a change, especially when this can impact the employees (their "internal customers").
- The Top Management that has to face the organizational challenge i.e. it is the one who has the ultimate responsibility for the business value creation.

MISTAKE # 2 - THE HR DEPARTMENT IS NOT INVOLVED

- The HR department has the reins and owns the information asset on internal resources.
- This has necessarily be on board, but has also to be guided and followed in its ability to develop.
- The HR department needs to be led towards a data-driven (HR Analytics) management.

MISTAKE # 3 - THINKING THERE IS A "RIGHT MOMENT" TO GET STARTED

- Organizations constantly get inspiration for change.
- There is no "right moment" to wait for, action must be taken immediately.
- Why? Because putting back features a (high) cost, therefore spreading this awareness by the business Management is needed.

OUR APPROACH

HOW⁴ transforms traditional Network Analysis in a management tool

HOW⁴ (www.how-4.com)) features a state-of-the-art platform that allows Network Analysis in large and complex organizations based on the analysis of the working interactions among people.

This tool can be used to map how your company really works as a whole as well as at individual level or by organizational units.

It provides 3 modules according to you goal of mapping and analysis.

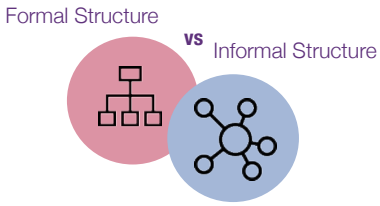
Tailored synthesis indicators facilitate understanding of the evidences according to key management views.

What does this mean?

It means not only relational maps, but a "new" and massive set of data (relating to the placement, role, organizational behaviour of each resource and Team) which help build appropriate quantitative indexes and allow the following:

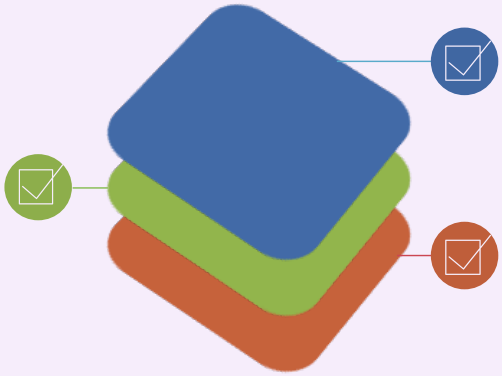
- In-depth analysis of how the organization works,
- Spotting and understanding its strength and weak points,
- Monitoring evolution over time.

HOW⁴ allows quick Organizational Network Analysis in large and numerous organizations



HOW⁴

- Basic applicative to find out how the organization works
- **4 questions**
- Maps and over 20 quantitative indicators



HOW Targets

- Re-read the internal business network in relation to the strategic objectives
- **4 questions**
- Over 10 analytic indexes

HOW 360 Pat²

- Data gathered using PatPat: our continuous feedback software
- Dashboards & insights for Employees, Managers and HR Department

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HOW⁴ AT A GLANCE

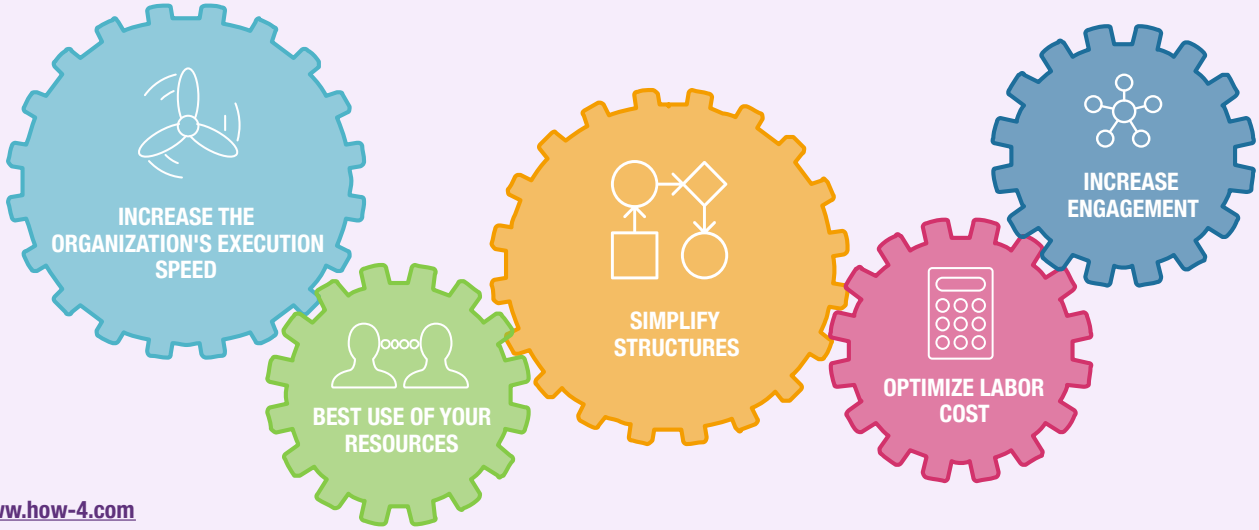
3 EASY STEPS
- Web Survey
- Real-time Results
- Data Analysis

MANY OUTPUTS
- Network Maps
- Dynamic Indexes
- BI Analytics

USEFUL APPLICATIONS
- M&A
- Organization design
- Cooperation

CLOUD SERVICE
- No IT Interaction
- User Friendly
- Online Navigation

WHY HOW⁴



www.how-4.com

TIMING



SET UP
- Definition of the organizational layers (Unit/Team) according to the kind of analysis
- Information collection to sort out Database



SUBMIT SURVEY
- Communication of the initiative
- Submit survey to participants



ANALYSIS OF RESULTS
- Reading and management analysis of the evidences
- Sharing results, identifying first recommendations of intervention and in-depth
- 3 - 4 weeks or more according to analysis dimension and the organizational complexity

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A data driven Management Consulting Firm

3 Competence Centres

Active Value Advisors is an independent management consulting firm that provides advice and solutions to companies around the globe.

We combine specialist expertise with a global perspective to help our clients develop, implement and manage best-in-class managerial frameworks.

Our method and data driven approach mean that we partner with our clients to create knowledge and a sustainable impact which become assets for our clients.

We deal with three specific areas of expertise with the goal of maximising the Value of Shareholders, Customers and People. None of these at the expense of the other.

Constant and highly specialised research activity offers implementable answers for our clients.

Our Solutions represent a precious asset for CEOs that find in Active Value Advisors a unique and tailor-made blend of distinctive managerial know-how, strategic ideas and appropriate tools, within a common “fabric” to face at best their challenges.

Understanding the factors underlying performances is an important step to maximize growth and value of the business

SV
SHAREHOLDER VALUE

((bi))

We can not avail from any useful data or information if we are unable to organise, read and use them to make decisions.

Information discovery and data visualisation are enhanced thanks to the new generation of self-BI Tools

The way people work, their relationships, the intertwining of their skills and their motivation are the elements that can make the difference between a good and an excellent organization

PV
PEOPLE VALUE

CV
CUSTOMER VALUE

Enhancing the knowledge of Customers and better managing the relationship with them is the key to success in any business



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WHY DO EVEN THE BEST STRATEGIES FAIL
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Human Resources, their Organization and their level of Cooperation are the key elements to deliver winning strategies and achieve the expected performance.

The "secret" to face increasingly complex business contexts without becoming “complicated" is in the interaction among Resources.

An instrument and a methodology can be used by complex and articulated Companies.

The tool is called HOW⁴ and the methodology is the Organizational Network Analysis.

Together they let you know, with a surprising level of detail, the real organizational mechanisms and they are able to map managerial behaviours at different levels.