MEETING CONSTANT DISRUPTION WITH CONSTANT DESIGN

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How organizational analysis and modeling enables business leaders to understand the impact of change on the workforce

Disruption is one of the most used business buzzwords of the past decade. We’re obsessed with the idea of it, putting the companies that change the face of entire industries on a pedestal and studying what can be learned from them (as with Amazon, Dyson, and Netflix). Meanwhile, moments of major disruption, such as the 2008 financial crash and Brexit, dominate headlines, while the commercial world continues to adjust to the digital and automation evolution that’s transforming almost every sector.

But the thing about disruption is that it’s not easy to manage, and can catch businesses off guard. And even though the consequences of change might be beneficial, the process that businesses must go through to get there can be stressful, painful, and even damaging – especially for workers, who often have to bear the brunt of change.

Thankfully, it doesn’t have to be that way. Today, there are technology solutions that allow HR to collaborate with Finance and other departments to get ahead of disruption, build models for it, and be better prepared for how it will impact their business and their people. These solutions enable business leaders to gain a better understanding of their workforce, know what their people are doing, at what cost, and assess how the situation can be improved. Being able to strategically plan workforce changes is a golden opportunity for HR to shape business decisions when it matters most.

In this document, we explore the three most common change scenarios that organizations face today. We look at real stories that show how technology has helped businesses to model the implications of change – demonstrating that forward-looking design is the only way to meet disruption head on.
DESIGN FOR DISRUPTION
Understanding constant, fluctuating change and how it affects businesses

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MANAGING BIG MOMENTS
Looking at the impact of big moments that are outside an organization’s control

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MODELING FOR MERGERS
Examining how modeling can help businesses deal with mergers and acquisitions

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Businesses today are in a state of constant flux. Factors outside of the organization, such as economic or regulatory changes, or shifting consumer patterns, all have an impact on what happens internally. Today, disruption is a mercurial force that continually and persistently shifts the ground that businesses are built on. Equally, as markets pivot to take advantage of new opportunities — think hotels and Airbnb, finance and Bitcoin, or music and Spotify — every business is forced to re-evaluate how it does things.

Essential to managing disruption well is defining a strategic response to change and its impact on the workforce. Businesses must ensure their people are appropriately placed and doing the right things to sustain the organization.

All too often, though, HR is not prepared for change and only able to react to it rather than anticipate and plan for it. When the dust settles, it discovers the design of the organization no longer matches the new corporate goals. Take automation as an example, where just 20% of CEOs believe they have the strategy needed to manage change.

Put simply, HR could instead be on the front foot when it comes to workforce change, predicting and planning for it through proactive design.

82% of HR executives aren’t sure they have the right people to execute on business strategy.*

*SHL’s Global Assessment Trends Report 2018
Case Study

DESIGN FOR DISRUPTION

RETAIL

LeasePlan UK is part of the largest vehicle management group in the world. It needed to better understand its cost base, pricing, and services supplied to each customer. But existing systems kept data in silos, so detailed analysis was impossible.
THE CHALLENGE

One of the biggest issues for LeasePlan was siloed data. It had all the information it needed to design the organization in light of the disruption it was going through – in this case, the evolution of the industry, with new players that LeasePlan needed to better compete with. The company had to analyze fifteen separate data sources and 400 processes to get a holistic, single-view of its business, so it could answer strategic questions around people, productivity, and value.

THE SOLUTION

LeasePlan began using OrgVue to bring all its disparate data together to understand why work volumes were higher than expected. HR was able to visualize data of the total cost base from four contrasting perspectives: people, projects, processes, and customers. Subsequent analysis enabled LeasePlan to make data-driven decisions concerning organizational effectiveness.

THE RESOLUTION

LeasePlan’s aim was all about improving processes, organizational efficiency, and ultimately profitability. Using OrgVue, HR is now able to bring together siloed data to see how people spend their time, how much certain activities cost, and align the workforce accordingly.

“The cost-to-serve analysis in OrgVue will be the foundation of our strategic initiatives for the next three years.”

LeasePlan Client

DATA VISUALIZED FROM FOUR PERSPECTIVES

SILOED DATA BROUGHT TOGETHER TO ANALYZE COST
A globally renowned investment and consumer bank needed a new way of doing things. In a rapidly shifting economy, and with banking particularly subject to digital disruption, finding savings and efficiency was key.
THE CHALLENGE

This global bank had a big, business-changing goal: saving $5 billion in operating costs to counter the threat of challenger banks and capitalize on the opportunity in emerging markets. The plan was to begin with an area-by-area analysis of the organization that would identify where it could improve. The business introduced three programs to achieve this: understanding the cost of work; redesigning the bank’s way of working; and realigning the management of the organization.

THE SOLUTION

To rapidly introduce the workforce modeling capability that OrgVue brings into the business, the bank trained more than 400 HR professionals to use the software. It was then able to analyze and evaluate the data held across its entire value chain to understand the true cost of workforce activity. OrgVue now underpins the bank’s organizational modeling and redesign work.

THE RESOLUTION

Today, the bank delivers workforce analysis conducted by 30 core OrgVue users. So far, five different work areas amounting to $5bn have been evaluated, bringing greater clarity to the bank’s operating model. The bank also uses OrgVue for talent planning, workforce planning, and continued analysis, placing it at the center of operations.

DATA ANALYZED ACROSS THE BANK’S ENTIRE VALUE CHAIN

MODELLED VALUE CHAIN AMOUNTING TO $5BN WORTH OF WORK
Case Study

DESIGN FOR DISRUPTION

MANUFACTURING

A leading supplier of new and remanufactured car parts had to update its business model to compete in the digital world. This meant big change and significant innovation.
The Challenge

Before it began working with OrgVue, this automotive component supplier’s online retail system could only offer limited digital sales of its products. The new CEO wanted to understand what was happening in the business, specifically in sales and the supply chain, which was disjointed.

The Solution

The company chose OrgVue to help it solve the business challenges it faced. It began by analyzing activity, to understand the work the company was doing, the products that work related to, and the customers it served, so it could better link internal processes to revenue generation and model improvements.

The Resolution

Better organization design has allowed the company to grow its customer base and to offer more products on digital platforms. To support this change, it now incentivizes its sales people differently, so they prioritize selling to digital retailers alongside its traditional base of automotive trade stores. It is also investing more in marketing to prepare the business for a digital future.

Sales People Incentivized in New Ways to Grow the Customer Base

Improving the Link Between Internal Processes and Revenue Generation
Every so often, a business will face a moment of major disruption, the trigger for which is beyond its control. Think of the 2008 economic crash, which caused a rethink across the banking and finance sector. Or huge political shifts, like Brexit, which affect how businesses trade and operate.

Each of these situations can lead to huge changes in the workforce, altering plans for where people sit within the organization and how workloads reflect new processes. Typically, HR reacts to the changes that arise during the aftershock. But this should be an opportunity to strategically engage with the business and deliver valuable workforce planning insights.

“HR seems to be about as involved in business strategy today as it was a decade ago. This is despite the fact that my data clearly show that when it is involved, organizations function better and are much more successful in implementing strategic change.”
Edward E. Lawler, Forbes

The future of work depends on the transformation of HR. 60% of CEOs agree and are looking to change the HR function to better embrace the digital age.*

*PWC 21st CEO Survey, 2018
Case Study

MANAGING BIG MOMENTS

RETAIL

A giant retailer has seen its industry change substantially with the rapid expansion of low-cost retailers. Remodeling its business to respond with a new offer to consumers was a stiff challenge that required fundamental change.

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THE CHALLENGE
Retail is among those industries that has faced widespread and profound disruption. This retailer decided it had to take a close look at how its business was operating, with a focus on cost reduction, especially in the supply chain. It defined workstreams for head office restructuring and off-shoring selected services. However, workforce data was unreliable. Most organization design work was done in Excel, which was resource-intensive, expensive, and ultimately ineffective.

THE SOLUTION
The leadership team knew they had to understand their workforce data better. Team members received training on OrgVue, so they could understand how market trends would shape the business in years to come. By aggregating workforce data and modeling multiple scenarios, the HR team was able to visualize how the organization could improve its performance for a better future.

THE RESOLUTION
HR is now able to report effectively with reliable people data. What used to take up to six weeks to provide meaningful answers to simple organizational questions can now be answered in real-time, and resource has been freed up to focus on strategic initiatives for the business.
Case Study

MANAGING BIG MOMENTS

FINANCE

This financial institution is one of the biggest and best-known banks in Europe. Following the 2008 crash, it was clear that it would need to decouple its retail and investment arms to meet evolving regulations.

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THE CHALLENGE

New regulations introduced in 2008 required banks to ringfence their consumer-focused retail banking business to keep it separate from the riskier wholesale and investment side. For this financial institution, the requirement meant splitting up its employees and software systems, and redesigning processes, all while driving cost efficiencies to safeguard revenue.

THE SOLUTION

The bank used OrgVue to clean and consolidate workforce data to create a reliable view of the organization. It could then easily allocate sub-functions and activities for business areas and map out the complex management hierarchy. This blueprint was used as a starting point to shape a proposal for what the organizational model should look like.

OrgVue enabled the HR team to speed up the design process. With centralized, visual and auditable data, the bank was able to spend more time on analysis to identify cost-saving opportunities, unaffected by ringfencing activities.

THE RESOLUTION

Using OrgVue, the bank met its ringfencing deadline without any disruption to the business or its customers, and made significant and recurrent cost savings. The work was completed in six months – three months less than expected. The company now has 12 active OrgVue administrators, who use the tool to keep a real-time view of the organization and track its progress.
MANAGING BIG MOMENTS

A globally recognized FMCG business experienced profound change as its business model went through a period of huge disruption, triggered by a significant shift in public perception of the company. Modeling to understand the impact of this and other factors, such as obsolete product lines, became essential for its survival.
THE CHALLENGE

This FMCG business had to respond to disruptive changes in consumer patterns, forcing it to redesign its business model. It needed to become more consumer-focused and work to shift market perceptions of its products.

THE SOLUTION

The HR team began using OrgVue to scrutinize the organization’s effectiveness, focusing on: the work people were doing, how much time they spent on each activity, and the associated costs of those activities. From this emerged a baseline for decision-making on work to be reduced, so that effort could be reinvested in line with a new operating model. The team was able to redesign roles to deliver the new business strategy.

THE RESOLUTION

The business has now analyzed more than 30 departmental units and benchmarked the corresponding resources. It has the capability to model different options, and to audit and report on change and its impact on the business – finding best-practice working habits and replicating them in other countries. More importantly, decision making is fast and informed, while workforce planning and design is better able to cope with the changes that continue to shake the industry.
Mergers can be the catalyst for the most profound moments of change a business and its workforce will ever experience. In some cases, potentially hundreds of thousands of employees are brought together across many locations, creating chaos and uncertainty.

What makes mergers such a difficult challenge is that they are often complex and time-consuming. This is usually worse for HR because, unlike Finance, it focuses on day-to-day operations at the expense of strategic planning. Organizational modeling isn’t a widespread capability for HR, but during mergers it is imperative. And investment in building this vital resource can dramatically reduce the time and cost of reorganizing a workforce.

OrgVue can deliver time savings in M&A processes by up to 50%.

Click to discover how businesses MODEL FOR MERGERS
Case Study

MODELING FOR MERGERS

RETAIL

In 2018, a supermarket giant bid for and completed the acquisition of another high street retailer – a business relationship that brought together 190,000 employees.

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THE CHALLENGE

In the highly competitive, fragmented grocery market, this leading retailer was determined to get ahead of the competition. To do this, it acquired another major high street retailer to increase market share by boosting store footfall, then passing on price savings to its customers. The challenge was integrating the two companies quickly following news of the merger.

THE SOLUTION

OrgVue was already being used by the acquired company, which meant employee data could be quickly compiled and cleansed to provide an up-to-date view of the organization. It could also help with analysis and problem solving during the three-week due diligence period. This meant data could be reshaped, anonymized, and shared instantly, accelerating the acquisition process. When it came to merging the two companies, HR used OrgVue to model job roles and organizational structure to plan and deliver the new combined entity.

THE RESOLUTION

The newly merged head office comprising 8,500 employees was completed just one month after the news was announced to the market. The company identified significant cost savings through job role and location synergies. Impressively, the data analysis and modeling needed for the merger was completed by the HR team alone, using OrgVue automation.

ORGVUE MODELED THE JOB ROLES AND ORGANIZATIONAL STRUCTURE TO DELIVER THE MERGER PLAN

SIGNIFICANT COST SAVINGS WERE FOUND IN JOB AND LOCATION SYNERGIES
Case Study

MODELING FOR MERGERS

FINANCE

In 2015, the UK insurance giant Aviva completed the acquisition of Friends Life. This involved bringing together Aviva’s 30,000 employees and Friends Life’s 4,000 workers.

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THE CHALLENGE

Following the merger, Aviva took steps to model its business and identify the right skills and people for its future. This involved coordinating 22 work streams and 12,000 people, alongside grade structures, job titles, and performance metrics across the two businesses — all while navigating the security risks of sharing sensitive data.

THE SOLUTION

Aviva used OrgVue to bring together disparate data from across the business and model various forward-looking scenarios. This helped it to understand the impact of the merger from different perspectives and make decisions based on data.

THE RESOLUTION

Using OrgVue to model its merger with Friends Life delivered demonstrable results for Aviva. Importantly, it was able to audit the employee selection process, which was crucial in the post-merger environment. By automating processes, the HR team was able to significantly reduce admin and security risk information because shared data was protected. Today, there is much better analytical capability within HR, so the department continues to contribute at a strategic level.

ENHANCED ANALYTICAL CAPABILITY WITHIN THE HR FUNCTION

ORGVUE USED TO UNDERSTAND THE IMPACT OF DISRUPTION FROM VARIOUS ANGLES
Case Study

MODELING FOR MERGERS

ENTERPRISE

In 2015, a global enterprise acquired an overseas counterpart in a €4.4 billion deal that would expand its European footprint, where it wanted to be more competitive.
THE CHALLENGE

Integrating the two companies presented an enormous challenge for this enterprise. How could it design the organization to deliver on future strategy — all with new jobs, functions, tasks, and responsibilities for over 100,000 employees? Moreover, how could it implement this new design and scale it rapidly?

THE SOLUTION

With OrgVue, the company was able to design and visualize the future structure of the organization, then build the blueprints needed for integration, as well as job descriptions for each and every employee. The company analyzed over 450 activities to redesign 670 job roles, before mapping people to positions.

450 ACTIVITIES ANALYZED TO REDESIGN 670 JOB ROLES

THE RESOLUTION

The enterprise completed the merger in half the time planned; what was expected to take 36 months took only 18. It now has a centralized positions management system that allows it to automatically generate job descriptions, ensuring they remain aligned with corporate guidelines, taxonomies, and nomenclature, regardless of region.

THE MERGER WAS DELIVERED IN HALF THE TIME EXPECTED
It’s true that disruption affects almost every industry today, whether that’s the constant day-to-day flux businesses experience, brought about by digitalization, industry revolution, workplace trends, mergers and acquisitions, or the profound, business-altering change precipitated by major political and economic moments.

When change is the only constant, it makes sense to constantly change. And these are the cases that HR should be modeling and analyzing to steer the business through the choppy waters of change.

To navigate this uncertain environment, businesses need a new way of thinking. They need to be able to plan for what might happen, so that when it does, they’re ready for it. After all, the Finance department has a financial planning and analysis (FP&A) capability to prepare for the future. Today, the HR equivalent has never been more urgent.

Using data to create a single view of people and the work they do helps businesses model change and make proactive, goal-based decisions. OrgVue connects HR, Finance, and lines of business to improve workforce planning and analysis for fundamentally better organization design in times of change.

Click to discover how OrgVue can help you through disruption.
OrgVue enables design for disruption. Visit us online at www.orgvue.com to find out more about how we can help.

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