



CORPORATE TRANSFORMATION SERVICES

ORGANISATIONAL INTEGRITY:

Using data to build resilience, improve productivity, and reduce legacy costs

Summary

Having the right workforce setup and associated capacity to deliver on your strategic objectives, now and in the future.

Organisational integrity should be a key priority for all CEOs, HRDs and Chief Transformation Officers as businesses look to rebound following a disrupted 18 months, and prepare for future uncertainty.

Many businesses have grown or reshaped their operations in response to COVID and associated new ways of working, including digitisation. Much of these changes are here to stay and require different capabilities and skills, however, many businesses are yet to make the corresponding changes to their workforce.

Alvarez & Marsal are pioneering a bottom-up, data-driven approach to organisational integrity. To do so A&M is using advanced analytics, experience and a “get things done mindset” to diagnose, plan and implement robust organisational change.

This enables businesses to improve performance, realign resources to areas of value generation as well as reducing costs through eliminating waste and improving efficiency.

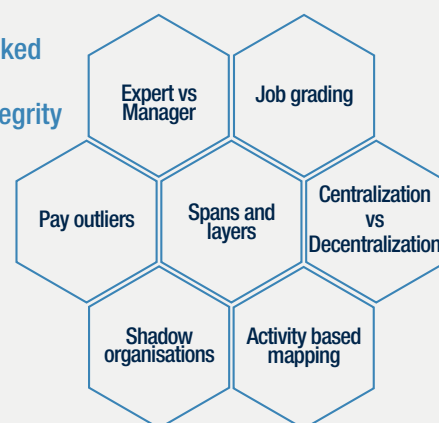
What is Organisational Integrity?

Organisational integrity is about understanding and positioning a businesses workforce to deliver their strategic objectives and strategy.

It means your workforce is optimised for both top line performance and cost. Although, over time, organisational integrity naturally deteriorates.

It starts with source data and on a bottom-up basis identifies areas of inefficiency, legacy costs, workforce gaps and areas for improvement.

The seven interlinked dimensions of Organisational Integrity



Situations requiring Organisational Integrity reviews

Get ahead in the war for talent

Assess level of capacity required

Improve productivity and performance

Address legacy and stranded costs

Before and during any org design

Adapt for new operating model

Build agile operations to meet demand

Capitalise on market growth and M&A



Importance of Organisational Integrity Key Steps

Organisational integrity is a concept being embraced by leading companies to change their workforce to build resilience, improve productivity and reduce legacy costs.

High performing businesses make this an Executive priority and routinely review their organisational integrity against a series of metrics to check on progress and address anomalies.

Understanding and improving your organisational integrity will make a business truly agile. This is done by removing co-ordination roles which are not delivering value and resolving the root causes of organisational issues, such as poor/limited cross functional communication.

Businesses which do not properly assess and manage their organisational integrity, or focus solely on spans and layers, often fail to deliver the expected benefits following change programmes, and usually benchmark poorly versus peers.



Spans and layers is only part of the story

For years, businesses performed only spans and layers reviews using a pre-set view of the span of control for management and the number of layers is loosely applied to identify outliers.

Whilst this type of 'benchmarking' helps you identify where to look, it doesn't help with what to do and how to do it.

In our experience, this is insufficient and too high level to identify specific roles or tangible actions. It also enables individuals who have a vested interest in maintaining the status quo to derail progress with statements like:

- 'The data is wrong'
- 'We cannot recruit/retain skills in this area'
- 'Our processes/systems prevent us from making changes'

Understanding the complexity of activities is key to set the right targets. You cannot expect a Head of Tax & Legal to have the same target as a Head of Financial transactional processes.

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Top four insights from a recent programme



Industry

FMCG: Food and Beverage



Target

Over 5,000 employees



Engagement

Workforce Optimisation



Challenge

Digitisation and COVID impact

1 Must be bottom up

- Take data from source systems and invest time up front to fix any data issues
- Data issues are often just people not being used to seeing data presented this way

2 Create healthy competition

- Visibility and reporting to drive momentum with Executive and peer review/challenge
- HR and Finance have a key role to play to ensure consistency and fairness

3 Don't get distracted

- Articulate a clear end state and build early credibility (e.g. use of pilots)
- First, fix what you can internally, before considering external solutions

4 Stay the course

- Enhance supporting controls/reporting: entry, performance management and exit
- Weekly milestone and headcount tracking (automated from systems)

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Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 6,000 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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