

**IDENTIFYING  
IMPROVEMENT  
POTENTIAL AND  
PERFORMANCE  
BARRIERS**  
**ORGANIZATIONAL  
ANALYSIS**

**ENHANCER<sup>®</sup>**

Executive Advisors

## IDENTIFYING PERFORMANCE BARRIERS IN ORGANIZATIONS

Independent of a company's internal and external business conditions, both in the present and in the future, successful development is dependent on how effectively the organization is directed, led and structured. But, how do you ensure that you have the organizational conditions required to effectively manage and align the organization with strategic ambitions?

### SYMPTOMS OF INEFFECTIVE LEADERSHIP AND ORGANIZATION

Managerial ineffectiveness and dysfunctional organizations cause many symptoms:

- Short-term actions and lack of strategic clarity
- Decisions overruled
- Slow implementation and firefighting
- Quality issues
- Silos and units pulling in different directions
- Internal politics instead of business
- The right individuals and actions are not rewarded

Internally motivation, trust and performance are negatively impacted, and externally customer and other stakeholder relations are affected. Untreated, organizational dysfunctions create ripple-effects throughout the business, with consequences for financial results and other measures of output.

### IDENTIFYING ROOT CAUSES – SCIENCE-BASED ORGANIZATIONAL ANALYSIS

Enhancer provides executives, boards and active owners with a powerful and time-efficient method to create transparency in organizational conditions. The analysis enables clients to determine how effectively the organization is directed, led and structured in reality and how to address the root causes of many organizational performance barriers.

Enhancer's organizational analysis method is built on a scientific norm (Stratified Systems Theory or SST, see below) which provides relevant and valid indicators of organizational effectiveness. With the company's overall mission as a starting point, the analysis identifies how effectively the existing organization is structured and staffed, where there is improvement potential and what organizational solutions that can optimize performance. The approach provides answers to important questions such as:

- Is the Head's overall mission sufficiently long-term?
- Are management's tasks vertically and horizontally aligned?

- Do we have redundant or missing reporting levels?
- Are tasks led, coordinated and performed on the right level?
- Do we have the required managers in place?
- Do we have a relevant follow-up aligned with the overall mission and objectives?
- Benchmarking: How well is the organization directed and led relative to other organizations?

Generally, when analyzing organizational structures from a SST perspective, it is evident that there is room for improvement and value creation both short- and long-term. According to statistics from hundreds of companies worldwide, on average 40 % of roles and staff are organized sub-optimally, and 30 % of individuals have a job on the wrong level, i.e. under- or over-promoted.

## PROCESS

As a first step Enhancer normally maps the top structure of the analyzed organization, covering the management team and their direct reports, by interviewing managers about their directly reporting organization. The information gathered provides a solid platform for an informed discussion and decisions about current conditions and how to further develop the organization both short- and long-term.

A potential second step is to perform “drill down”-analyses of selected verticals within the organization, where chosen units within key functions are analyzed, covering all reporting layers. The analysis also serves as an important contribution to the process of ensuring the required staffing, and produces talent pool information which adds an important dimension to the organization’s existing talent data and the appointment and succession process.

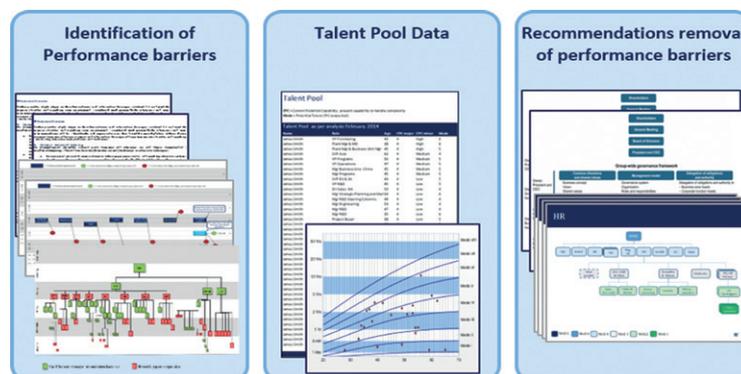
## DATA COLLECTION

Data regarding the current structure, delegations and staffing is obtained through individual interviews where the manager’s expectations on and understanding of his or hers respective underlying organization (direct reports) is captured. To ensure a valid and aligned view the outcomes

from the individual interviews are calibrated in a workshop together with the management team. The method has high validity and produces actionable recommendations within a short time-frame.

## REPORTING

The reporting clearly outlines match/mismatch in the current organization and other performance barriers and includes concrete suggestions for optimization of organizational performance.



## OUTCOMES OF ORGANIZATIONAL ANALYSIS:

- **Aligned view** on current organizational conditions within analyzed units
- **Analysis of actual and required number of reporting levels in the organization**
- **Identification of match and mismatch** for roles and individuals in the analyzed structure
- **Talent pool information** on analyzed levels, present level and probable maturation of individuals over time
- **Specific suggestions and recommendations** of improvements in organizational effectiveness, projections of expected results with different organizational solutions
- **General conclusions** regarding how to better align the organization with strategic ambitions
- **Benchmarking with other organizations** (anonymized average)

## ENHANCER EXECUTIVE ADVISORS

Enhancer is a group of experts and advisors in how to best direct, lead and structure organizations, providing owners, boards and managers with a science-based organizational management system. We assist clients in the clarification of mission and strategy and the development of the organizational solutions required to optimize and better predict performance.

### SCIENCE-BASED MANAGEMENT

Enhancer has provided clients with a powerful and time-efficient method to better understand and capture the organization's full potential since 1998. The approach is built on a scientific norm and introduces a breakthrough in how to create transparency in organizational effectiveness.

When trying to understand individuals and how they organize, researchers have through the years studied how organizational parts function and interrelate. A number of researchers\* have highlighted the existence and importance of organizational levels and that the required leadership and character of work differs significantly between the levels. Based on the possibility to define and measure the organizational levels quantitatively, Jaques et al. developed Stratified Systems Theory (SST). Applying SST creates transparency in organizational conditions and enables identification and treatment of the root causes of many organizational performance barriers. Tools available through SST also provides predictability regarding which specific organizational solutions, both in terms of task delegations, structure and staffing, that will optimize organizational performance and capture the organization's full potential.

#### Natural and measurable levels of work

7	<b>Repositioning of industry</b> <i>CEO Major Global Company</i>
6	<b>Repositioning of group of businesses</b> <i>Head of Group or Division of Major Global Company</i>
5	<b>Repositioning of business unit</b> <i>Business Unit President</i>
4	<b>Integration and Optimization</b> of several parallel units <i>Business Unit management team, General Manager</i>
3	<b>Optimization of a unit</b> <i>Unit/Department Manager</i>
2	<b>Analyze, adapt, control, supervise</b> <i>First line manager, Business control, Analyst</i>
1	<b>Operate, Service, Produce</b>

*Based on Strified Systems Theory development by Elliott Jaques et al.*

### EXPERIENCED ADVISORS

Since 1998, Enhancer has advised 250+ companies and organizations, both major public institutions and private companies, in the EU, Central Asia, India, China and the US. The team consists of senior consultants with high capability and extensive experience from both operational and consulting positions.

Enhancers work with management teams and boards demonstrates remarkable improvements related to how the organization is directed, led and structured. See below examples of clients as well as two published cases.

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