

Case Overview

A Texas-based oil & gas engineering company (a division of a larger technology company) had been growing very successfully. The board and the equity owners, of course, are highly pleased. However, the president realized that he was stretching his organization to its limits. He chose PeopleNRG as a partner in addressing some growth issues, and to improve organizational scalability.



SITUATION

Since mid-2004, energy markets have been growing dramatically. In a forward-looking move, our executive client decided to increase capacity and grow the company through a number of acquisitions. After consolidating some overhead and reducing the total number of sites, the company now has three major locations. Each of these sites has a strong identity, a successful past and its own culture.

There is a growing challenge to accommodate the ever-increasing workload without a parallel headcount increase. The executive sensed resistance to change and integration, and a prevailing desire to protect existing turf. He also was irritated by the gap between the empowerment he would like to give his people and their limited willingness to engage. Performance management was inconsistently implemented, creating frustration and a sense of favoritism. And, last but not least, the executive had repeatedly discovered missed business opportunities - as each site though only in local terms and only optimized local sales potential.

This is how the objectives were communicated by the president when introducing PeopleNRG in early 2005: "... I reiterate my long-held view that we are better as a whole than we would be as separate organizations. Our objectives include:

- *Build an effective leadership team.*
- *Assess organizational strengths and weaknesses.*
- *Bring more clarity to each level of the organization.*
- *Develop an effective performance management system.*
- *Overcome the resistance to change that is inherent in any organization.*
- *Develop an effective recruiting process and plan.*

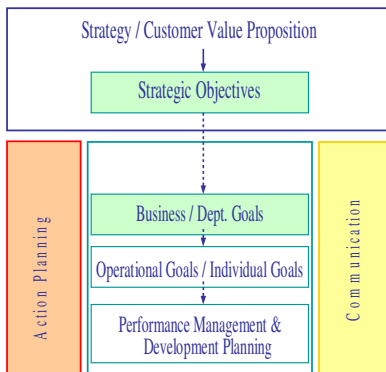
We have great opportunities in front of us. We need to organize to take advantage of them."



SOLUTION

PeopleNRG responded with the following approach to help meet the president's objectives and create a common execution culture and organization.

Strategy Implementation Process



RESULTS

1. Strategy execution assessment

Each leadership team member was interviewed about his/her business understanding. Also, we tested their ability to articulate the strategy. Next, we reviewed some of the reasons for resistance, looking for “silo-thinking” behavior.

Result: A good, intuitive understanding of the business strategy, but not clearly articulated. Also, the president - while running at top speed – had not spent enough time building a new, integrated leadership team. Much of the resistance came from a sense of disenfranchisement and not understanding the bigger picture.

2. Development of a shared business understanding

A two-and-a-half day offsite to grow a single team: At this offsite, we defined the *driving force* of the organization, we identified the key *strategic differentiators*, and formulated the *customer value proposition*. A business simulation was also part of this workshop.

Result: This was a breakthrough event. The leadership team rallied around the new combined business strategy. A common leadership language emerged from the workshop, serving as the language for all subsequent strategy-related communication.

3. Redesigned Performance Management and Strategic Goal Setting

The next steps focused on developing a strategy scorecard and a consistent goal-setting approach. We looked closely at the performance management system, and suggested both process and “soft” changes (which focus less on new forms, more on compliance and making sure there is effective communication between manager and employee). We currently are in the process of cascading the goals through the “new” performance management system.

Result: A clearly visible and easily interpretable scorecard, with aligned and measurable goals, linked to funding and action planning.

Feedback was consistently positive, even when employees were working very hard and moving into uncharted territory (there was so much “real” work waiting to get done back at the office!).

Other parts of the organization are now looking into implementing elements of this process

