

## Strategic Rightsizing

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It's in the headlines everywhere and it's impacting our lives...missed sales forecasts, missed earnings, foreclosures, job losses. It is clear that something must be done, and quickly. When times get tough, organizations often jump in and automatically begin to cut heads or downsize "the same old way" when in fact such dire circumstances present the opportunity to Strategically Rightsize. This is a more well planned approach that will lead to a change in the organizational structure that is reduced in size — but that better prepares the organization for the future and ensures that customers and quality are not put at risk. This is a process that starts with gathering the facts and data to review where you are heading strategically and then determining the work that needs to be done and, ultimately the structure to get you there.

Starting at the end of the process by cutting roles or restructuring a few job responsibilities to save costs creates problems which will take a lot more time and effort to fix. These issues can include: dissatisfied customers, lower employee morale, downsizing in the wrong areas, or work that doesn't get eliminated and simply gets spread to fewer workers which leads to further morale and quality issues.

Our experience is that Strategic Rightsizing, as opposed to rote downsizing, can lead to improved operations, including:

- Clear and measurable business goals.
- Cross-functional alignment on business goals.
- Effective management of priorities.
- Increased levels of trust between functions.
- Understanding of roles across functions.
- Focus on the customer needs rather than on internal metrics.
- Streamlined decision making.

The process of Strategic Rightsizing takes an organization all the way from strategy to execution, and it does not have to be a long drawn out process. The basic steps include:

1. An "outside in" assessment of the organization, including customer feedback, employee feedback, and consideration of industry best practices.
2. After #1 delivers a clear picture of the organization's health across multiple areas, the next step is to get alignment on the strategic goals and measurements that will drive better results and more internal efficiency.
3. Employee teams then look at the actual work that needs to get done to deliver customers' needs. This definition of work will drive role design and how the roles hang together in an organization framework, or structure. This is the organization design work.
4. Once a structure is established, then a change management and communication process is needed to move people from their current ways of working into the new model. Sometimes this also requires leadership competency assessment, new

reward program structures, or the moving of talent. It is essential that the organization makes clear “what doesn’t change during these challenging times”— it’s the “glue”; the stuff of values and integrity that help the survivors better understand and commit to the new direction.

To truly look at organization effectiveness from the outside in, there must be openness from the organization to “let go” of old ways and cultural norms that may have existed for a long time. This takes willingness from top management to listen to the organization’s feedback and put the time and effort into having employee based work teams figure out the best ways to meet customer needs, even when that means doing things in a new way.

For example, we recently worked with a client who realized that their current product segmentation model was not meeting customer needs. Some of their customers were called on by five different internal groups. This represented huge inefficiencies for both the client and their customers. ArchPoint worked with the client to redesign core processes which led to 30% increased productivity.

Strategic Rightsizing requires the following critical elements for success:

- Leaders must be engaged and actively support the process.
- Leaders must be open to the project team’s feedback.
- The organization must have a strategic focus or plan that can align people across all functions.
- Project teams must include key individuals internally – the people who have the knowledge of how things really get done and what could be done better.
- Communication, Communication, Communication:
  - Articulate the need.
  - Invigorate the vision.
  - Keep the organization focused on delivering Friday's payroll while creating the direction for the future.
  - Clarity on sequence of what's completed and what's to come.
  - Communicate progress along the way so that there are no surprises.

Strategic Rightsizing is a useful tool in boom times, but it is imperative in challenging times. Where and how you cut sends symbolic messages that will live for a very long time. Taking a more planned approach that stays true to your strategic intent and minimizes any impact to Quality and Customers could well be the differentiator that prepares you better than your competitors for the upturn. Customers and employees remember.