After a 360-Degree Assessment, a 180-Degree Turnaround

An organizational assessment can help a struggling company get back on track.

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When a company consistently fails to deliver good results, management will try to identify the problem or problems and fix them. But what happens if the problems identified are fixed but the business doesn't improve? What if the real problems are not obvious — if, in fact, top executives aren't sure what the problems are?

That was the situation recently faced by a middle-market consumer-goods manufacturer. The privately held company had acquired another company in the same industry, but with a different customer demographic. Eighteen months later, the acquisition's sales were down. Processes weren't integrating, product quality was declining, and customers weren't receiving orders on time. Questions were raised as to whether the right people were in charge, and an "us-versus-them" culture developed.

The executive team thought they knew some of the causes of the underperformance, but they wanted to be sure. Accordingly, they retained my firm to conduct an organizational assessment of the entire company, not just the acquired business. Such an assessment is akin to a 360-degree individual performance evaluation, but here it's a management initiative, not a human-resources initiative. In effect, the company invited us to "take a look under the hood" and tell it what it was doing wrong and what it should be doing better.

To begin, the executive team sent a companywide memo that introduced the assessment, explained why employee feedback was valuable, and stressed that action would be taken on the results. All employees were subsequently e-mailed a customized 40-question survey that addressed leadership, culture, processes, the acquisition, and so on. In addition to the survey, interviews were conducted with 28 executives, managers, and front-line employees. The verbatim feedback and survey results were subsequently categorized to show multiple perspectives from executives, employees from both the parent and acquired company, and salaried and hourly employees.

From the survey and interviews, it became clear that the problems were related to several areas, including the company's organizational structure, communication, and processes. One of the key issues was that the senior team at the parent company tended to stay within its own silos, and had not met together in a room in more than six months at the time of the survey. The lack of communication extended to the integration process. The parent company did not bother to learn the processes of the acquired company; rather, it tried to force parent-company processes on it, which did not fit with the product.

The executive team was apprised of the results during a full-day off-site meeting. It was advised not to jump immediately into problem-solving mode but instead to spend time first simply absorbing the truth that was on the table. After all, the results of an organizational assessment can hit hard on emotional and personal levels; they need to be communicated with tact and a positive spin. Some people will take the information to heart and seek ways to improve; others will find ways to discredit or trivialize it. Both were true in this case, but by the end of the day, the team had learned much more about what was going on in the organization (both good and bad) and received valuable feedback on how to improve it.

Also by the end of the day, the executives had created a to-do list:
• develop a vision/mission/strategic plan;
• create a middle-management layer as a means of increasing accountability and improving communication up and down the organization;
• develop a succession plan;
• create an organizational chart;
• ensure that all employees understand each others' roles and responsibilities; and
• organize a cross-company team to study processes and implement changes.

As a result of implementing the to-do list, the company and the acquired business in particular made an impressive turnaround in less than a year. Communication improved dramatically. A middle-management layer was created, and these managers worked together to review processes and institute changes. Following the changes, product quality improved and order processing became faster, with fewer errors. In turn, salespeople became more confident and secured new customers.

The us-versus-them dynamic has disappeared, and the company now operates as one efficient culture. The 360-degree organizational assessment, in short, has produced a 180-degree turnaround.

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