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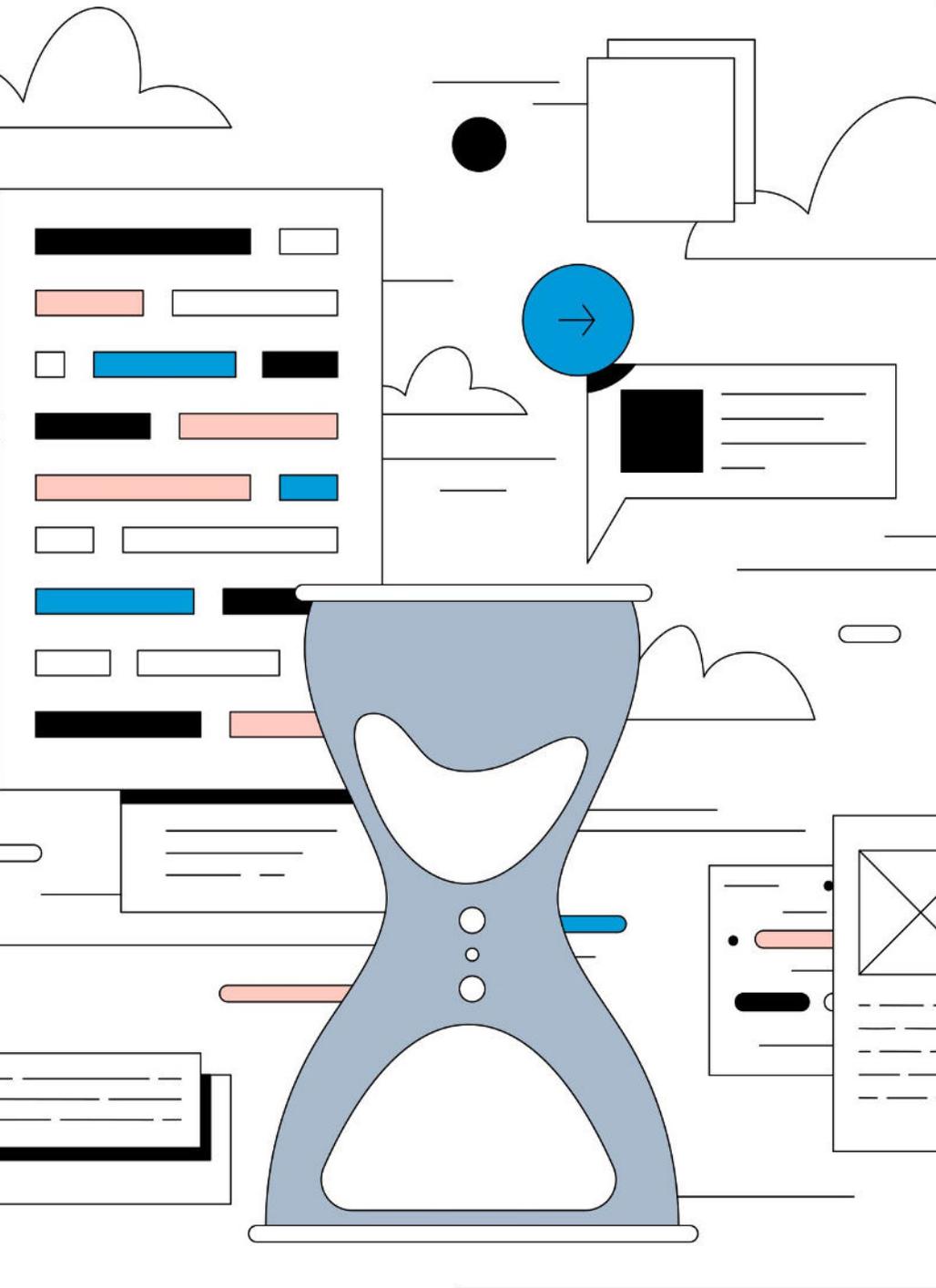


HR GUIDE FOR SUCCESS:

Streamlining your next organizational transformation:

Strategies and solutions for understanding, planning for, and successfully achieving business changes





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Change is inevitable in any business. This quick guide outlines common organizational changes, provides real-world examples, and highlights important timing and implementation considerations for organizations about to embark on transformation initiatives.

Read on to learn more about important issues and strategies surrounding organizational changes as we cover:

- ✓ The definition of organizational transformation
- ✓ What forms an organizational transformation can take
- ✓ Transformation in action: real-world examples
- ✓ Identifying and tracking change needs
- ✓ The role of technology

Understand organizational transformation

Maintaining business success without adapting to new challenges is nearly impossible. The largest, most successful brands in the world (think Coca-Cola, Disney, and Apple) have all gone through instances of organizational change—from introducing new product approaches to new organizational strategies, as well as workforce expansion or retraction and based either on opportunity or compliance needs.

More than half of organizations surveyed in Harvard Business Publishing's most recent State of Leadership Development Report* said they are in the middle of a transformation. Nearly 86 percent noted their organization has recent experience with a business change.

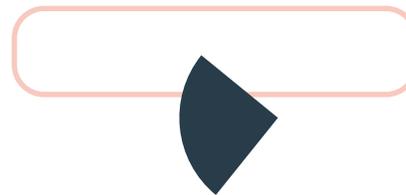
That's especially true as the world economy begins its long recovery from the COVID-19 pandemic. New hybrid work models and an enhanced focus on diversity and inclusion are just two legacies of the pandemic era to which organizations must now adapt. According

to new survey data released by Deloitte in 2021*, spending on digital transformation is on the rise, and two thirds of business leaders believe that any organization that does not digitize in the next five years will be “doomed.” Amid unprecedented global change, organizational transformation has become more important than ever.

*Sources: 2018 State of Leadership Development Report, Harvard Business Publishing; Putting digital at the heart of strategy, Deloitte, 2021



Every organization undergoes change. The biggest challenge for organizations considering transformation is ensuring effective timing and strategies for change, with the least amount of disruption to business operations.



Types of organizational transformation

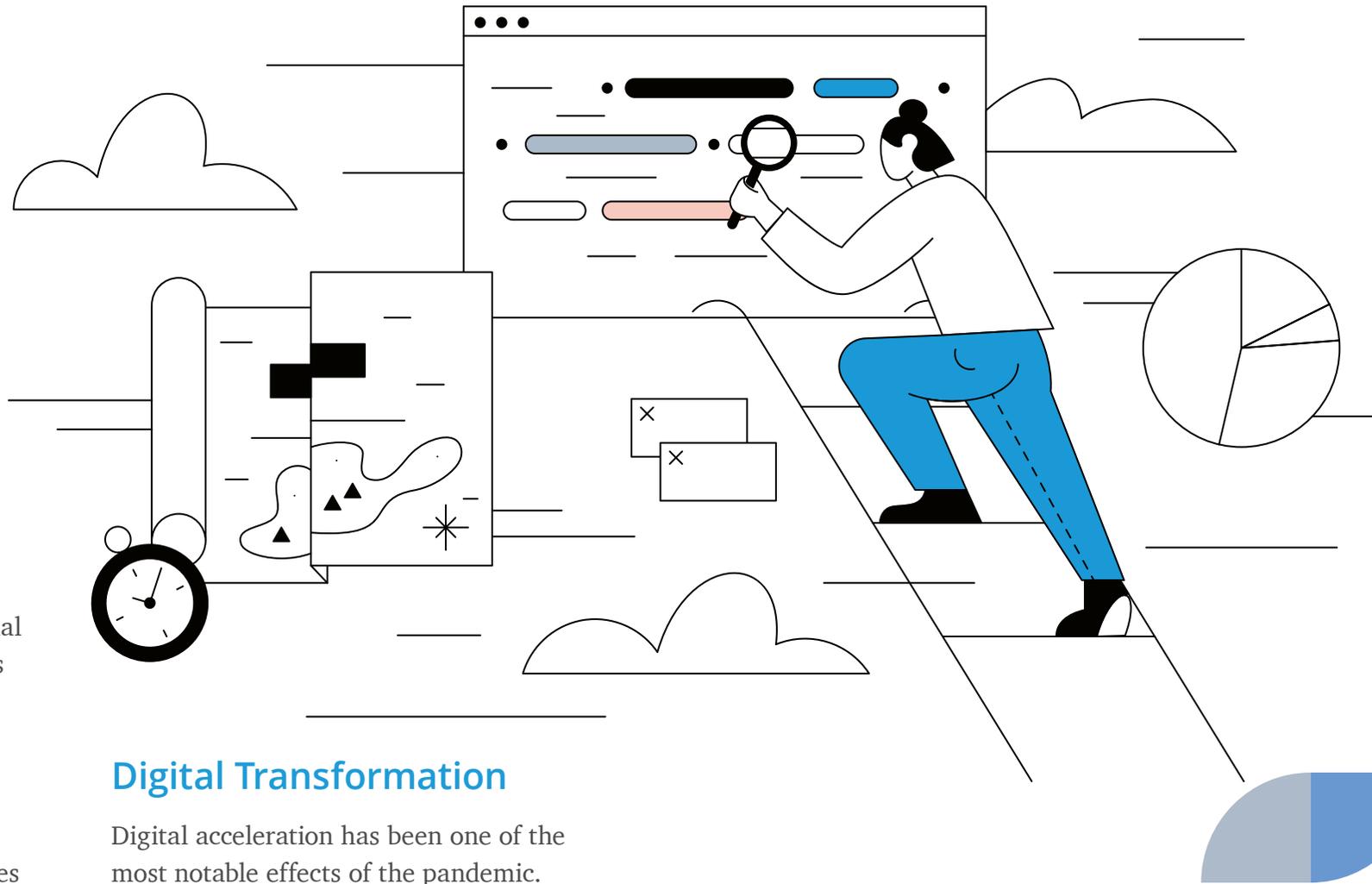
Org transformation can take many different forms. Before making changes, it's important to identify the goals you wish to achieve based on your needs so you can settle on the best transformational approach. Here are some of the key types of organizational change initiatives:

Mergers and Acquisitions

For many businesses, Mergers & Acquisitions (M&As) provide opportunities for growth by widening the customer base, diversifying products, expanding geographical reach, or boosting talent acquisition. While the opportunities presented by M&As are attractive, the financial and organizational complexity of such initiatives necessitates comprehensive planning and implementation.

Digital Transformation

Digital acceleration has been one of the most notable effects of the pandemic. Enterprises that are less digitally mature than they ought to be face new pressure to bring their business in line with current market expectations. Digital transformation involves many of the same complexities as any other organizational transformation, and it requires businesses to have comprehensive knowledge of all their working parts so they can better adapt to the new digital reality.





Business Culture Transformation

The sustainability of any business often requires an examination of its internal makeup and culture. Understanding and adapting the relationships and attitudes of your workforce and leadership is key to ensuring a successful organizational evolution. For instance, diversity, equity, and inclusion initiatives are a top priority for most organizations today. Besides the moral and reputational advantages of increased diversity, recent research suggests that focusing on inclusion initiatives also helps business performance. But there is no easy switch to flip to make your workforce more diverse. It takes a comprehensive, organizational approach.



Employee Reduction in Force

Sometimes the health of an organization requires streamlining its workforce. Employee reduction in force is an organizational change that is often necessary but never easy. The key with force reduction is to strike a balance between making the necessary layoffs respectfully and efficiently while not negatively affecting company culture and losing top talent along the way.

Workforce Realignment

As business priorities and strategies shift, oftentimes the structure of your organization must change with it. Identifying and implementing how best to realign and reassign top talent requires major planning and coordination.

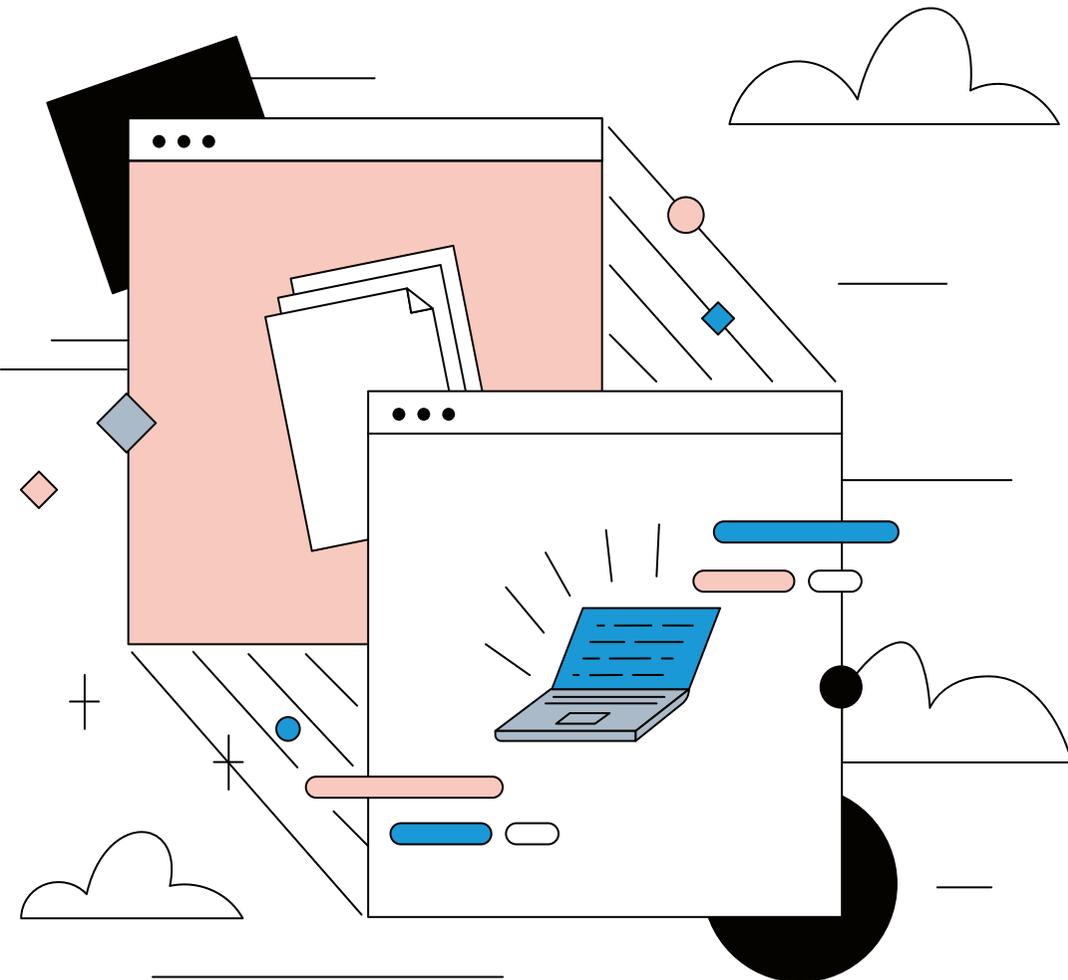


“Organizational change comes in many forms. It may focus on creating new systems and procedures; introducing modern technologies; or adding, eliminating, or rebranding products and services. Other transformations stem from the appointment of a new leader or major staffing changes. Still other changes, such as downsizing or layoffs, bankruptcy, mergers and acquisitions, or closing a business operation, affect business units or the entire organization. Some changes are internal to the HR function.”

— SHRM, Managing Organizational Change

Change in action: real-world transformations

Some of the world's best-known companies have experienced large-scale transformations. Here are a just few examples of ones that work—and one that did not.



COTY

Doubling the workforce in one day

Multinational beauty company Coty doubled its workforce from 10,000 to 20,000 employees in just one day in the largest cosmetics merger of its time. Having previously managed its global data in spreadsheets, the company used Nakisa Hanelly to streamline the disparate information into one centralized and secure system. This allowed leadership to glean real-time metrics and make important organizational decisions, which saved the company millions in consultant fees and reduced the time to complete the merger by 25 percent.



Finding profitability means realigning staff

Although Tesla played a pioneering role in bringing electric cars into the mainstream, its business performance did not match its reputation. Since it was founded in 2003, the California-based company's cars, batteries and space technology have led the way in innovation, but its business fundamentals were flagging, with a cash flow problem that was becoming increasingly acute. In 2018, the company launched a reorganization that led it to the tough decision to lay off nine percent of its staff—3,000 workers, most of them salaried employees—in order to boost car production and focus on other areas of the business, such as the sale of regulatory credits for environmentally-friendly manufacturers. Two years later, the company turned a profit for the first time and its share price had risen more than 1,500 percent.



Google: Restructuring teams to expand focus

Google is known as the leader of internet search. But several years ago, Google's leadership understood that expanding into smart-home technology and driverless cars would be key to the company's future, and an organizational restructuring was necessary. The result was Alphabet, a parent company for Google and several of its subsidiaries. The new structure allows Google's leadership to better focus teams on specific lines of business without forcing Google to stray from its concentration on search.

AOL Time Warner

AOL Time Warner: A failure of timing and culture

It's been 20 years since the attempted merger of AOL and Time Warner, which sought to combine one of the world's biggest internet companies and one of the leading media companies. The case is still remembered as one of the biggest business flops in history. Experts often cite two major failures that resulted in the total value of AOL stock plummeting from over \$200 billion to \$20 billion:

- Culture: AOL's brash, internet-savvy workforce found itself at odds with the more traditionally corporate Time Warner staff, and the two cultures were never able to mesh well.
- Timing: Months after the deal was inked, the dot-com bubble burst and the new company found itself navigating a recession.



Timing is everything

For better or worse, each previous real-world example proves that proper timing is important to ensure a successful organizational change. Identifying the right times to kick off change management initiatives is no easy task, but—as we saw with the AOL Time Warner example—it’s vital to the success of any transformation, from billion-dollar mergers to smaller cultural initiatives.



Choosing the right time and process

How can organizations ensure they are identifying the proper times and strategies for change management initiatives?

Leading R&D organization MITRE follows a five-step process for implementing key change management operations:



Core HR functions, including payroll, benefits administration, maintenance of employee records, compliance management, etc.



Talent management functions, such as recruiting and retaining employees, training programs, compensation policies, succession planning, etc.



Workforce management functions, such as time records, workforce planning, labor scheduling, budgeting, etc.



Employee-facing portals such as HR help desks and self-service functions for employees and managers.



Shift toward leveraging cloud-based technologies to extend, enhance, and streamline users access to data and applications.

Centralizing your efforts

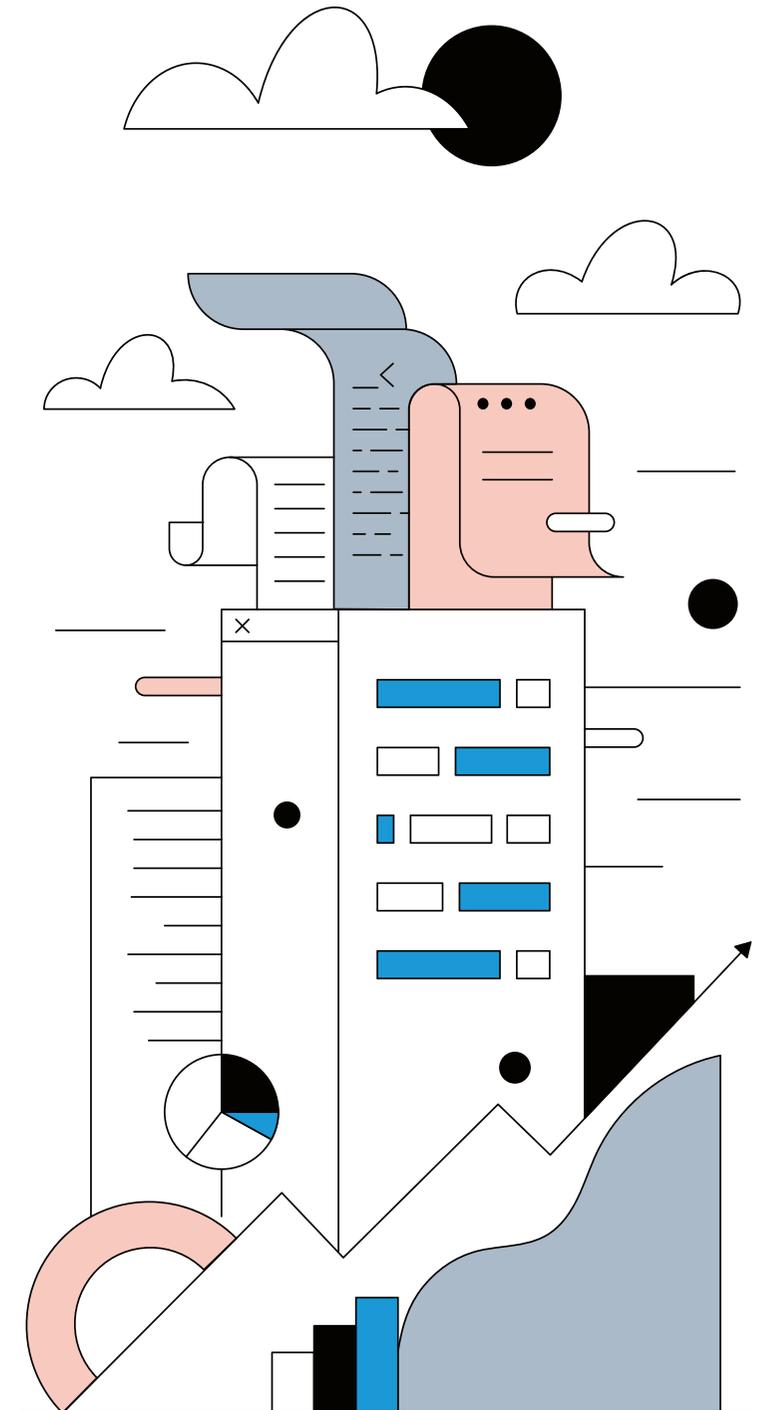
According to research from McKinsey & Company, 70 percent of change programs fail to achieve their goals. When teams are invested in a transformation, the change is 30 percent more likely to be sustained.

As with any large-scale organizational effort, buy-in and a collective understanding are crucial for a successful transformation. But buy-in on things like the timing of your organization's transformation, the proper steps to make it successful, and the best ways to track progress requires your entire organization to be looking at the same measures of progress and data.

Achieving effective M&A integrations

[In Deloitte's 2020 M&A Trends Survey](#), a large majority of respondents in each industry said that effective integration was a key goal for a successful merger and acquisition. Aligning the finances, operations, and cultures of two companies is often an overwhelming task, and achieving that alignment in a timely manner is even harder.

This is where technology is making a massive impact. Consider American media company Comcast as an example. When the organization was struggling to complete an important acquisition integration, they enlisted Nakisa Hanelly to leverage real-time data and provide leadership with key visual organizational modelling capabilities to speed up the completion of the integration. They continue to use the solution to understand business KPIs (Key Performance Indicators) and make well-informed, timely decisions on mergers and acquisitions.



Taking advantage of a single source of truth

While Human Capital Management (HCM) and Human Resource Information Systems (HRIS) have helped centralize workforce and employee data to inform transformational initiatives, their narrow focus on people management—things like payroll, benefits, or record keeping—have failed to give organizations the full picture of how potential change strategies may affect their workforce.

HR solutions now exist that use the power of AI (Artificial Intelligence) and analytics to visualize key organization and people data in real time. This is a valuable tool to help organizations identify the right timing for change and ensure the proper strategies are in place.

Nakisa Hanelly organizational design software is a solution that uses cloud-based architecture which helps spur quick adoption for HR teams and organizational leaders. The system provides a source of unified HR and business data through integration with existing HCM systems. It provides organizational charts, people and position tracking, powerful analytics,

and scenario creation to aid organizational design decisions. Add to this the ability for different teams in different offices to easily collaborate on models, and organizations can make quicker, better-informed, and more profitable decisions as a result.

The type of centralized, understandable view of data Hanelly provides helps to inform each step of a comprehensive organizational transformation:





Focusing on security

According to the 2020 M&A Trends Survey, cybersecurity threats are the top priority for 51 percent of leaders when considering their M&A strategy. Nakisa Hanelly was designed with security in mind. Single sign-on means that users can access all Hanelly products using the same credentials as your organization, which allows you to manage a large number of users without losing control of security. Matrix security limits data to users who match pre-selected criteria, such as location, and each user can be assigned a specific area of responsibility. Additional layers of security can be created through custom attributes, and activity and audit logs keep tabs on all changes made by users.

More generally, all data is stored on the Nakisa Cloud, which benefits from SOC 2 compliance and features a dedicated inbound firewall that is configured in a default deny-all mode, protection from DDoS attacks, and physical monitoring such as smoke detection and fire suppression, environmental monitoring, and security and surveillance.

Bringing it all together

Change is never easy. But in a rapidly-evolving and ever-changing business environment, organizations need to be better equipped for rapid transformations than ever before.

Whether it's a large-scale merger, an important examination of corporate culture, or a realignment of internal teams and structures, every change your organization makes can only effectively happen with well-informed and collaborative decision making.

Today's technology allows business leaders to rapidly model potential strategies and understand their effect on the lives of employees and the bottom line of the company.

How are you preparing for inevitable change? Is your organization equipped to ensure the smoothest transition possible?

Solutions like Nakisa Hanelly can help organizations ensure that even the most complex transformations are well-informed, well-planned, and well-executed.

Contact us to learn more

NAKISA®

About Nakisa

A global leader in cloud business solutions for Organizational Design, Lease Accounting & Compliance and Corporate Real Estate Management, Nakisa delivers innovative, forward-thinking, and robust solutions that advance your business strategies.

Nakisa serves 800+ enterprise customers and over 4 million subscribers in 24 industries. Nakisa is proud to work with some of the world's most renowned brands.

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