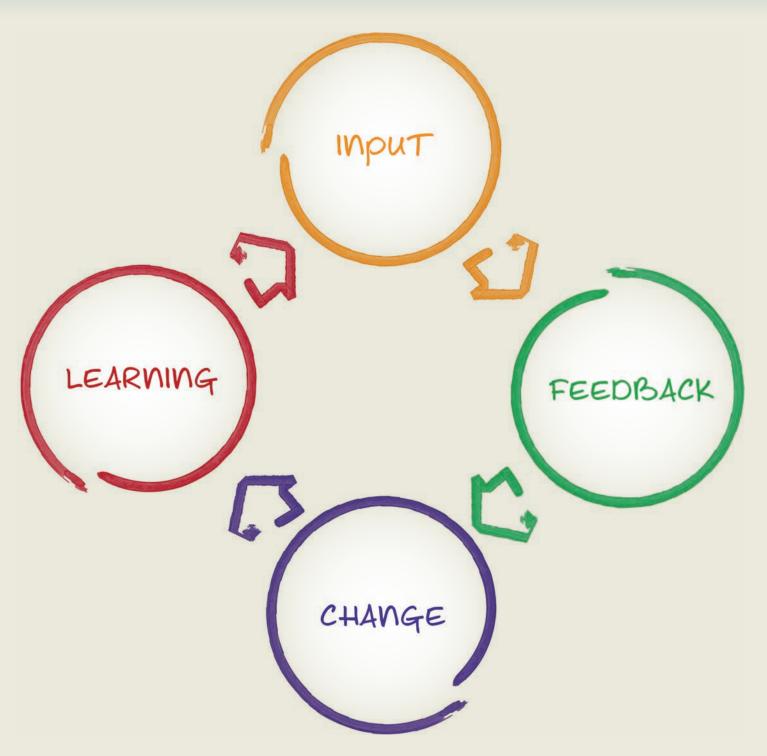# Building an Internal Organization Design Capability at Intel

By Laura Stepp

For several decades now, the HR function has been pursuing the goal of full strategic business partnership (Edward Lawler III & Boudreau, 2009; Ulrich, Allen, Brockbank, Younger, & Nyman, 2009). Significant strides have been made to increase the efficiency of HR transactional work in order to make more room for strategic work, and significant improvements in the efficiency of HR's core functions have made way for HR to step into new strategic shoes. However, stepping into those strategic shoes has proved challenging. The challenge has been figuring out how best to build the required strategic HR capabilities, find business clients willing to leverage HR in applying the new capabilities, and then execute well for the business in order to shift HR's role within the firm.

This is the story of Intel's decision to focus on internal organization design capability as a means to add greater strategic HR value, and our approach to growing this skill through a parallel "leader and HR" education strategy.

Why Build an Organization Design Capability

In late 2009, Intel's HR leaders entered into a structured debate about how organization development services might yield clearer strategic value to the business. The ups and downs of the previous years had left question marks as to how to best organize and offer organization development services. The conversation resulted in the identification of four capability arenas where there was strong agreement that HR could leverage organization development capabilities to add greater strategic value. These four arenas were:

1. Strategy: strategy development and strategic alignment

2. Organization Design: organization design and strategic workforce planning

3. Leading Change: change management and leadership staff development

4. Organizational Assessment and Diagnosis: applying systems-based thinking and tools to assess and diagnose organizational issues

Of these four capability areas, organization design was identified as a top improvement opportunity for several reasons. First, orga-nization design was a repeating business activity where demand was certain if HR could establish credibility as a consultant. Intel is a fast-moving organization that conducts frequent reorganizations. In the technology industry, redesign happens regularly in response to the demands of the environment for constant change (WORLEY & E. E LAWLER III, 2010; Worley & Lawler III, 2006). Intel's appetite for small- to large-scale reorganization is the subject of considerable — and not always appreciative — commentary from Intel employees.

The second reason organization design was a hot opportunity was because it was an area where HR lacked methods, skill and credibility and where increasing HR's capa-bility would result in the addition of a discernable new offering within the HR partner portfolio. Despite regular reorgani-zation activity, with few exceptions, most reorganizations at the company were occur-ring without significant HR input in the design phase. HR's typical role was to man-age the legal review and employee relations impact linked to headcount reduction and job changes, or to consult on leadership communication strategies.

Finally, redesign at the company was pri-marily viewed by leadership as a purely structural activity and not as a process to optimize the whole organization for strategic advantage. The introduction of more sys-temic organizational design practice had benefit not just to HR in increasing its value as a partner, but also to the organizations themselves who were not gaining the full benefit of true organizational alignment based on more systemic design approaches.

For all of these reasons, improving organiza-tion design capability became a focus in 2010. Intel HR embarked on an initiative to significantly improve our organization design capability as a means to increase our strategic value. A traditional approach for us would have been to source an external pro-gram, put a number of people through it and expect change. That approach can be effec-tive when enhancing skill in an established HR service area, but we realized our initia-tive was as much about convincing our business customers that we had a new and different service to offer than they had expe-rienced before. We felt our strategy for change needed to be different.

A Demand and Supply Approach

From our previous experience trying to trans-form HR's role as a strategic partner, we knew that in order to shift the dial for HR we must also shift the business leader's under-standing of the organization design process and HR's role within it. We observed that often the sophistication of the business lead-er's personal vision and imagination regarding organizational improvement had a signifi-cant effect on strategic HR partnership opportunity. We felt that to shift our HR proposition we also needed to shift our lead-ers' expectation of us as an organization.

We also understood that an HR partner's interest and confidence in applying organi-zation design skills would be a fundamental driver for offering these services to their business clients. Organization design is a complex, analytical and strategic capability,

and we believed that building confidence was going to require a support system as much as a skill-building program. We believed HR partners would need a variety of opportunities to watch others, co-design and shadow more expert practitioners, practice, consult with mentoring and coaching support, and then implement independently.

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Finally, we had seen excellent capability-building results at the company in the past when initiatives were built around and supported by a core methodology, language and robust tools for implementation. We knew that in addition to new knowledge, our HR partners would need easy-to-use tools and resources at their fingertips that they could grab and apply to a variety of classic situations. Training would not be enough — collateral, tools, templates and documented methodology would be needed as well.

In summary, we knew that HR partners would be reluctant to "sell-in" new organization design consultation and support services unless they were confident about it and well-equipped. Conversely, we believed that leaders would not be asking HR to the business organization design table unless they knew what kind of help to ask for from their HR partners.

Components

To start, we formed a "tiger" team comprised of individuals from our HR4HR and Learning & Development organizations. The team was chartered to ramp up organization design capability across the company. To do so, they developed a strategy focused on fundamentally changing the language and practice of organization design within both the senior leader population and the HR population. The strategy began with the selection of a single common framework for organization design that was simple, accessible and well-supported by the literature as well as information and tools. We selected the well-known Star Model, first defined by Jay Galbraith (J.R. Galbraith, 2001; 2007) and developed further as a facilitated design process by Galbraith, Downey and Kates (J. R Galbraith, Downey, & Kates, 2002). The team's strategy for propagating the Star Model included the following deliverables:

- Develop a one-day learning program for leaders called "Architecting the Organization (ATO) for Leaders"

- Develop a two-day learning program for HR staff called "Architecting the Organization (ATO) for Consultants"

- Identify and train a global roster of "expert consultants" able to coach, mentor and shadow HR partners as they apply their organization design skill

- Develop and publish a robust web-based consulting toolkit and set of resources on our Intel wiki platform for open, searchable access across the company

- Market and launch both the learning programs and introduce the tools and resources via small-scale webinars offered globally to HR during a period of six months

In this process, we started with the Star Model and then added our own Intel improvisations to the method and the tools as we developed our own practice within the company.

Roll-Out Strategy

A key feature of our joint development strategy was not only to offer learning programs geared specifically to a business and an HR audience, but to launch them in parallel around the globe. In the first year of our implementation, wherever we planned an ATO session for leaders, we planned an ATO for consultants program within a week of the leader program. In many cases, senior HR partners attended ATO for Leaders with their senior leader clients, and then attended the ATO for Consultants program shortly thereafter. The first experience offered them a chance to engage in real-time dialogue with their client about their organization design ideas and thoughts, and the consultant-focused program allowed them learn about their role as a consultant almost immediately. Moreover, in the Consultant program, HR partners had a chance to discuss and plan for real intervention work. By the end of 2010, every region — Europe, Asia, Latin America and North America — had experienced the courses aimed at both leaders and HR audiences. Uptake went far beyond initial projects, supporting the hypothesis that organization design was a real and repeating business challenge. In just 2010, we taught 27 leader sessions across every region, reaching a total of 519 leaders. In parallel, 244 HR employees across every region had completed Architecting the Organization for Consultants. As the courses were delivered and the web-based tools were launched along with introductory webinars, the demand for organization design support from HR grew month over month. By year end, active organization design engagements facilitated by HR had occurred in almost every major business group within the company.

The Approach in Action

Intel IT's Supply Chain organization was an early success example of the capability-building strategy in action. This organization is a several-hundred person global organization spread across six sites spanning Asia and the United States. The client was a general manager new to the organization who was also working for another new general manager. Both had come from a division within the manufacturing organization that was a primary customer organization of the IT Supply Chain group. They were tasked with increasing the customer focus of the Supply Chain group. They had used the Star Model to fundamentally restructure their former organization. Thus, the clients were a perfect example of leaders who had experienced the value-add of using a focused methodology for organization design.

In parallel, their HR partner was one of our more senior colleagues who had recently attended an early ATO for Consultants program. She had rapidly engaged with the

methodology and process. Thus, the HR partner was ready and able to engage with the client to craft and then facilitate the organization design process.

Following an assessment, the leadership staff worked together in a 2.5 day design face-to-face with several follow-on working sessions. The client used the design process to shift the structure. Moreover, significant work was done on lateral processes that were broken within the organization and between the organization and customers. The group created several new customer-facing roles and in other places expanded the scope of some staff

The HR partner has been one of our more prolific consultants, facilitating more than a dozen organizational design processes (both small and large) with senior leadership throughout the past year. She notes, "With the training and education and the new perspective for how to look at the organization, as an HR partner, I now have an entirely new way to support my customers that I didn't have before." She adds, "I think now the leaders think more strategically and from the organizational point of view versus the individual needs and personality point of view. Leaders know better to pause and consider more deeply. They also like the process!"

exceeded both our prior experience and our plans because of the joint "pull" that developed as leaders, and HR began to engage with each other, often for the first time, to tackle organization design challenges. Our learning programs continue and our consulting toolkit continues to grow and become more refined as we gain experience and expertise. In addition, the joint development approach is now being considered for possible use in other strategic HR arenas such as strategic workforce planning and change management. P&S

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roles. Critical work following the initial face-to-face event included mapping people to critical roles and filling slots within the new structure. Overall, the event was fairly emotional as the two new leaders had not had time to build very much trust. The group had to trust the process and the consultant in this case perhaps more than even the leader. The result exceeded what anyone in the group thought was possible.

In reflecting on her experience, the HR partner noted: "When the leaders attend the training, they learn just enough to know what to ask for and how to define their goals. They learn how important it is to develop a clear strategy first. Then, the consultants really drive the process for the business and help the business use the process to see where they want to go." Once business leaders work through the assessment and initial design face-to-face event, the business owns the follow-on detail work and implementation. "After the leaders go through the class, they are really willing to try something new. Every leader has said that this method is not something they would use every day, but, without exception, they also say that the process is out of the box for them. I believe that this project has instilled a new way of thinking about these problems for our leaders."

Summary

Since Intel began its journey down the joint development path, the approach has generated multiple examples of the virtuous spiral created by our joint programs and the tools. Business leaders in the program do seek consulting support now when they would not have otherwise. It is common for a leader to take the ATO for Leaders program and then approach the HR staff teaching the class for follow-on support. In many cases, the instructor may assist or connect the business client to their aligned business partner for help. When an HR partner has not had the training program, most know where to call to find someone that can engage and assist. Most of our expert ATO instructors and consultants have begun to spend as much time shadowing and supporting other business partners as they do consulting directly with the business units.

Intel is now almost two years into our joint development strategy to build organization design capability. Our aim was to engage our business clients in a new way with skills and methods that could add value to the bottom line by improving organization alignment and effectiveness. We have made significant headway on this goal and at a pace that

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