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Driving the Strategic Agenda in Research Organizations

A Practitioner's Perspective

By Gunjan Aggarwal

In this paper, I will share my experiences in designing a business strategy for my previous company in India by using some techniques and theories from the field of OD.

Core Beliefs and Assumptions

We know that perceptions and interpretations of reality are based on the observer's mental models. Hence, it is appropriate for me to share some of the core beliefs and assumptions that have influenced my interpretations of the organization context, as well as the action plans that I formulated thereafter. These assumptions are:

- » **Systems Thinking:** An organization is an “open system”, an inter-connected web of structures, processes and people that are continually changing and exchanging energy with each other. A systems approach behoves a phenomenon to have multiple causation rather than one single cause. Any issue requires that it be studied from all angles, and multi-disciplinary tactics be deployed to move the entire organization system from its current state to any future intended state.
- » **Appreciative Inquiry:** The principles and practice in appreciative inquiry suggest that focusing on strengths and positive images of future have a potential to create powerful outcomes for organizations.

Situation and Strategy

- » **The Situation:** The context in the organization for doing this OD intervention was very ordinary and routine—an attrition of skilled human resources from the organization. The author was the HR partner for a research based organization in India and the entry level research associates of the organization were leaving voluntarily in less than three years of joining it. The attrition rate was high and this had started affecting the efficiency of the site.
- » **The Strategy:** The author created an organizational diagnostic flow-diagram based on the core OD principles of systems thinking and appreciative inquiry as a tool to diagnose the situation (*Figure 1*).
- » Once an evaluation of the situation was done, the OD tool developed by J. Galbraith (*Figure 2*) was used as a framework to create an operating plan and to implement the strategy. The key learning here is that I took the core beliefs of systems thinking and appreciative inquiry and combined these concepts to create a tool that I thought would best fit my organizational context.

CONFERENCE CONNECTION

Gunjan Aggarwal is a presenter at the 2007 OD Network Annual Conference in Baltimore at the following session:

Improving Retention Using Systems Thinking

Monday, October 22
10:15 – 11:45 AM

Figure 1: A Flow diagram of the Positive Change Process

Organizational Diagnostic and Implementation Process

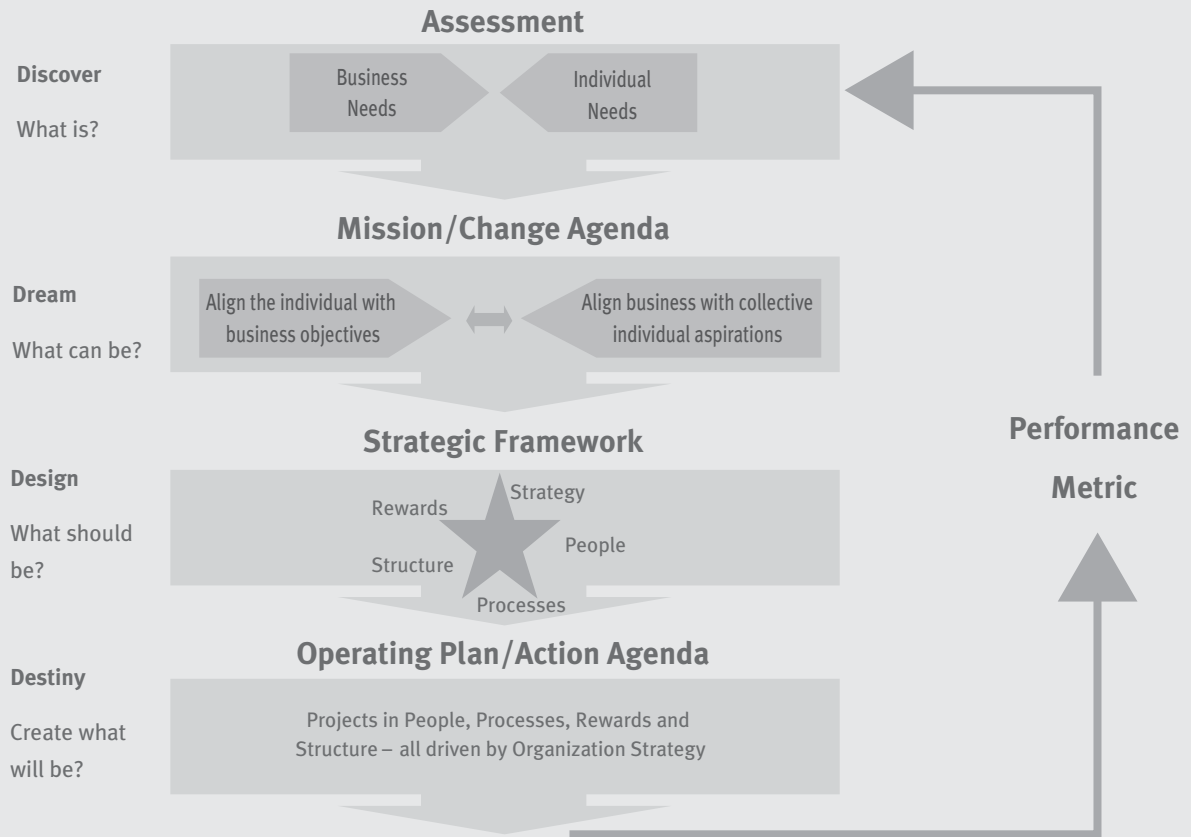


Figure 2: A Framework for the Operating Plan

Organization Design Elements



The Background Story

X-lev, one of the leading FMCG (Fast Moving Consumer Goods) companies in the world, had one of its six global research centers in Bangalore where I worked. The X-lev research center was charged with the mission to find new products and technologies to maintain X-lev's global dominance in consumer goods.

This mission, once a matter of course, had run into some heavy weather recently, faced with a steady flow of resignations from research associates, entry-level technicians and scientists in the organization. Another research associate had just put in his papers, and his manager had spent thirty minutes blaming it on the poor growth opportunities for research associates at X-lev and the booming employment market at Bangalore that was increasingly more attractive to associates. I simply had to find a way to bring this voluntary outflow of talent to a stop.

As I strolled about the company grounds, I reflected on how White Field was transforming itself from an idyllic village with lush meadows and grazing cattle, to a hotbed of frenetic economic activity as big global conglomerates like GE, SAP, Yahoo! and many others competed with each other to set up shop in Bangalore, "the Silicon Valley of India". White Field, in addition to being an unbeatable real estate proposition, offered emerging talent from local universities, and established companies like X-lev from which newcomers could be poached.

The organization structure at X-lev was relatively flat—there were about 80 scientists and managers, including senior executives, who led the various research projects and about 120 research associates who supported them. The scientists were primarily PhD's and Post-Doc's, mainly Indians who had studied in premier American universities, often naturalized American citizens, who had come back to India when job opportunities in research opened up. On the other hand, a large majority of the research associates were science graduates in Chemistry or Biology, recruited from local colleges. X-lev enjoyed a strong relationship with

these educational institutions as a result of the campus programs and internships it sponsored through the academic year. It was no surprise therefore, that the cross-functional Campus Relations Team, which I led, typically succeeded in hiring the prized graduates from these universities to work on various research projects.

"I will need to get to the root of the problem in the next exit interview," I

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thought. I entered my office, with a half-formulated plan in mind that I shared with my manager.

By week's end, the two of us had worked out a flow diagram to get the plan off the ground: start with an in-depth assessment of the current situation, develop a change agenda and mission based on the assessment data, build a framework to identify the change priorities that are critical to achieving the change agenda, and finally, make the change happen. Being a systems thinker himself, my manager suggested that in order to bring about a lasting and positive effect in associate retention, we would need to look at the entire system rather than resorting to tweaking the compensation plan here or changing the recruitment mix there, essentially quick-fix short-term solutions.

"Start working on a framework that captures most or all of the intervening variables that affect associate retention", he said. My thoughts turned to J. Galbraith's star-model as a possible framework to organize my thinking and plan for the interventions. I revisited my thoughts for the assessment phase to widen data collection.

Assessment Phase

The first step, of course, was to analyze the existing attrition data, which at 30%, was about 20% higher than the industry average for the region. When I examined the data from exit interviews, I found that, unlike many other companies that were losing their employees to the new IT start-ups, the trend did not hold good for X-lev's

associates—most of them left either to pursue other opportunities within the same industry domain (40%) or to pursue higher studies (30%), while others were leaving for miscellaneous reasons, like spousal relocation and sabbaticals from work.

This gave further credence to the need for comprehensive system-wide change, rather than a narrow retention issue. When I shared the analyses with the executive leadership team at the research center, I posed the question, "*What positive outcomes are needed at the site to meet business needs?*" As the leadership team identified the discovery of new products as the *raison d'être* of the research center, it was imperative that the organization invest in the intellectual capital of the employees, which could be translated into tractable new products and technologies.

Each time an employee left the organization, a unique piece of cutting-edge expertise was lost to the organization. Since such expertise was developed in-house, and by its nature was difficult to replace, an employee's exit slowed down key projects that directly affected the organization's bottom-line.

By introducing the leadership team to this process of inquiry and dialogue, I put the simultaneity principle of appreciative

inquiry to work and felt that we were moving closer to a durable solution. The next step was to share the exit data analysis with key scientists in the organization, in order to formulate a plan of action that had their support.

One day I looked around the table at the scientists, and felt a sudden confidence that I was looking at a core team that would make a difference to this issue. I came up with a name—the “15 for 15” project, which stood for reducing the existing attrition rate by 15% to bring it down to a more manageable and healthy 15%. When I shared my findings that discounted the effect of poaching by newly opened IT companies in the region, most scientists were nonplussed. “We have no problem in hiring bright associates”, they said, “Why do they leave us in less than three years?”. “We spend a significant amount of time visiting university campuses each year, then training the new recruits, and assigning them to our projects, only to lose them in a short period to another company—this seems like a hopeless situation”, they added.

It seemed appropriate to show a four-stage approach for creating and executing a change agenda. It was important for the team to understand the under-girding appreciative inquiry philosophy of *positive inquiry for positive results*. I was pleasantly surprised when the scientists willingly embraced the concept of appreciative inquiry, and thus was formed the first ever core appreciative inquiry team at X-lev.

Using the principles of Appreciative Inquiry, the team added new questions to the exit interview forms. These were:

- » During your stay with X-lev, think of a time when you felt most energized, alive and happy. Describe the experience.
- » Imagine that you had decided to stay with X-lev—suggest three things that could have created this positive situation for you.

Over the course of the following weeks, the core AI team was actively involved in the conduct of exit-interviews, while HR sought out ex-associates to re-interview and collect data on the two new questions.

These individual needs assessments of exiting employees were also collated to create an exit interview repository.

To add to these needs assessments, we focused on associates currently employed with the organization, to discover their perspectives. Data was then collected in the attempt to answer the following questions:

- » If you were asked to lead X-lev and create a positive change for the

Since the leadership team had already issued a clear mandate for developing the scientific and technical skills of employees that resulted in enhanced organization capability and could be transformed into concrete (and marketable) innovations, I understood that our key challenge was to translate individual learning into organizational learning. The organization’s success rested on the ability to transform human capital into business results.

- associates, what would your list of action items look like?
- » What kind of organization would create a positive and enduring experience for our associates?
- » If you could wish for positive changes to the X-lev research center, what would your wishes look like?
- » It is five years from now and you have been happy working at X-lev all this while—as you sit back and reflect upon your last five years, write a short description of what your fond memories are and what are you proud of?

Change Agenda and Strategic Framework

About half the associate population participated in these interviews, which brought to light remarkable and inspirational stories that motivated the appreciative inquiry core team and me to persist with efforts to push the organization closer to a more ideal end-state. More central to our mission was the emergence of a compelling change agenda: *Align the business objectives with collective individual aspirations.*

Having found a lodestar to guide our plans, I now needed to find an operating framework that represented the convergence of the business needs of the organizations and aspirations and needs expressed by current and past research associates. Since the leadership team had already issued a clear mandate for developing the scientific and technical skills of employees that resulted in enhanced organization capability and could be transformed into concrete (and marketable) innovations, I understood that our key challenge was to translate individual learning into organizational learning. The organization’s success rested on the ability to transform human capital into business results.

My primary concern at this point in time was to concretize this “fuzzy” intermediate step of converting a group of individual experts into a learning organization that delivered results, and to develop a tangible, measurable framework that could capture that. I found J. Galbraith’s star model to be the most appropriate tool for this task.

The star model posited that “For an organization to be effective and functional at the highest level, the practices in the domain of processes, structure, rewards and people should be fully aligned with the organizational strategy” (figure 2). What appealed most to me was that the model provided a template to map and organize the various collective individual needs of associates, with each arm of the star representing a need typology that clearly contributed to the achievement of the overall business strategy. The model enforced rigor in my systems thinking,

ensuring that we could address all the arms of the star, bringing about sustained organizational change.

The Operating Plan and Action Agenda

The X-lev change agenda was off the ground with the initiation of the following key projects in the spring of 2004, each one focusing on a specific arm of the star:

- » **Workforce Planning and Recruitment (People)**—From interviews with the business leadership team, the portrait of an ideal candidate for employment at X-lev began to emerge: he or she was not the star achiever or college topper that X-lev had typically gone in for; rather, the need was for employees who showed a great willingness to learn and collaborate on skills, and were possessed of strong analytical skills (in that order). With this in mind, we modified the recruitment practice to reflect the same, shifting the focus of the hiring process away from grade-driven individual achievements, and introducing a new sourcing mix that widened the catchment area to include the entire country. The latter of course, ensured that only truly committed candidates—those who were willing to relocate—were in the final consideration for job opportunities. An even more radical change in the recruitment mix was achieved by moving from a primarily university-focused campaign to one that was now equally open to experienced hire intake, to the extent of a 50-50 ratio. These hires, candidates with two to three years of experience in research environments in smaller organizations around the country, not only brought their expertise to X-lev, but with a more realistic set of expectations, brought greater stability into the workforce. I was pleased to note also that it resulted in a greater, positive demographic and educational diversity to the organization.
- » **Scientific and Technical Competencies Development (People)**—I knew that X-lev had a well defined and comprehensive competency framework

in place which was derived from the strategic intent of the organization, given its core capabilities. X-lev's 11 competencies fell into three competency clusters, with each competency defined for each level and across the benchmark jobs in the organization. However, scientific and research competencies were not represented in this framework; in fact, many competency definitions and explanations were more geared towards sales and manufacturing jobs. As the appreciative inquiry team mused over the assessment data, they crafted the competency-definitions, re-orienting them to include research associates. From this understanding, was born a task force, sponsored by the Head of Research, to define the core competencies that would help X-lev's research center achieve not merely the strategic mission of the organization, but its short term and mid-range objectives as well. Once defined, these competencies would drive the organization's recruitment, performance management and talent development practices.

In the following six months, the task-force developed a competency model for research associates that was relevant to the research center with the 11 existing X-lev core competencies redefined to reflect the research-specific context with an additional six scientific and technical competencies added to the model. When associates pronounced their satisfaction with the new competency framework, we knew beyond a doubt, that the task force's time was well spent.

- » **A Dual Career Ladder (Structure)**—A recurring theme that I heard expressed in interviews was that while associates enjoyed the intellectual rigor and the open work culture of the research center, they did not witness any significant career progression for associates, and there were few examples of *one of them* moving up the organizational hierarchy. The perception that only a PhD or a Post-Doctoral graduate had the opportunity

for career progression at X-lev's research center was common and widespread. It was further reinforced by few cases of associates being promoted to a scientist level. This prompted associates to quit X-lev, *leaving for better opportunities* or to pursue higher studies for the sake of career growth, as borne out by 70% of the exit interviews.

Taking cognizance of this dissonance, we addressed the issue by evolving a technical career-path to parallel the existing scientific career ladder in the research center. This technical ladder was not merely a response to the stated associate need, but also a means to satisfy the business need of developing in-house scientific and technical expertise, as identified by the leadership team. Examples of such job-specific skills included SOP's running certain experiments; operational knowledge of state-of-the-art laboratory machines; and transliterating experimental results into the specific language of each scientific stream.

I visualized the new technical career ladder as an opportunity for research associates and scientists to enhance their expertise, alongside career progression in the organization.

- » **Competency Assessment Center (People, Process)**—Once X-lev had defined the set we incorporated them in the promotion criteria applied at the research center. This led to the design of a competency assessment center to evaluate associates on this enlarged set of competencies. The assessment center was a multi-day, multi-rater process where associates participated in a set of planned activities that included presentation of a live project to a scientific review committee, and submission of a research paper on a work-related topic. Part of the strength of the assessment center lay in that it also measured associates on creative thinking, problem solving and analytical skills through simulations involving unstructured tasks in unfamiliar team situations that provided a post-hoc evaluation of human capital available in the organization. I understood that a more

proactive approach was called for, if indeed the change agenda was to be achieved. This resulted in the creation of a development center (offered twice a year) where nominated associates would be given feedback on their current competency level with a view to identifying the development called for to reach the next higher job level.

The assessment center output was

the work would not hold any potential monetary value to the organization. I suspected that being de-linked with X-level, would serve as a disincentive for the associate as well as his supervisor in the organization. These issues needed to be carefully thought through prior to implementation, and the process took several months of difficult negotiations. When I witnessed the

gained momentum was the creation of in-house learning and development opportunities for associates. A senior scientist took the lead, and instituted smaller, more focussed short term educational programs that tackled specific skills and areas of knowledge, like statistical analysis, measurement techniques, or organic chemistry. My HR team also followed suit, and delivered workshops like performance management, creative thinking techniques, and personal development for the associates. All this focus on the associates resulted in greater role-clarity, delineating their affect on the overall research process at X-level.

- » Another significant culture change came about, thanks to the wide participation of the scientist-community in developing and implementing the change agenda—they no longer saw HR related processes as the sole responsibility of the HR department, but began to partner with me and my team. This led to re-defining who the process co-owners were for performance management and learning and development processes, and thus, ensured the continued participation and involvement of the scientists in sustaining the initiative.

The PhD program was a breakthrough intervention, a huge incentive for associates, and I was happy that the organization realized that it would, in the long term, serve the strategic intent of the research center. . . . It was a powerful cultural artifact in the organization, that proclaimed to all associates the commitment of leadership to their growth and development.

also fed into another new project—the PhD program.

- » **PhD Program (Rewards)** Data from the assessment phase showed that most associates defined a positive image of the future in terms of personal learning and development opportunities. I knew that this was corroborated by the exit data. As the appreciative inquiry core team processed this information and brainstormed for solutions, they came up with the idea of offering associates a continuing education option by tying up with an external educational institution to provide PhD opportunities to associates as they worked at X-level.

Operationalizing the idea was another story altogether: the typical PhD program takes from five to eight years to complete, a time frame that an associate may not find easy to commit to. Even if the idea did find acceptance with associates, issues of patent rights would need to be resolved in advance. Would X-level be well-served if in-house developments were shared with faculty at an external university? If a PhD circumvented the patent issue by identifying a relatively non-controversial subject area to work on,

signing of a joint venture between X-level and a leading science university of the region, I knew that the team's time and efforts were well invested. Personal growth, the acquisition of new skills, and the opportunity to increase one's employability are critical to employee engagement, even when the new skills are not necessary to fulfill the requirements of their current role. The PhD program was a breakthrough intervention, a huge incentive for associates, and I was happy that the organization realized that it would, in the long term, serve the strategic intent of the research center. X-level would sponsor up to ten PhD candidates at any one time, selection being based on the strength of the associates' research proposals, as well as their current performance and future potential. It was a powerful cultural artifact in the organization, that proclaimed to all associates the commitment of leadership to their growth and development.

- » **Miscellaneous**—In addition to the key interventions discussed above, I also oversaw several other smaller projects initiated by the appreciative inquiry core team. One project that

Results

While the set of interventions resulted in a wide range of organizational outcomes—increased engagement of the scientist-community, greater emphasis on investment in human capital, or even process outcomes like cross-functional collaboration as represented by the AI core team—the touchstone of the success of these interventions would still need to be the attrition rate among X-level's research associates.

When the interventions began to take shape in early 2004, the attrition rate stood at an unhealthy 30%. By the start of the next recruitment cycle in early 2005, attrition was down to 13%. I was pleased and surprised by such a steep drop taking place so quickly.

To understand the changes brought

about by the interventions merely in terms of attrition rates would be a travesty. I witnessed their transformative effect on the organizational culture at X-level. The entire set of interventions were also measures that reinforced a unified set of organizational values. They were a concerted communication by the leadership, that proved to the employees that they walked the talk, that the organization's values and behaviours were synchronized.

Moreover, senior and mid-level scientists were convinced about their influence in the organization—when one scientist told me, “I felt very empowered and could see the effects of my actions on the future state of the company”, she knew that a change at the deepest level in the organization culture had occurred.

It was a great source of satisfaction to me that X-level as an organization had found a way to translate its aspirational values into the day to day operating assumptions that are felt but rarely seen. I believe that it was the process of appreciative inquiry that had encouraged widespread employee participation in the change agenda, which in turn, ensured that X-level would reflect its values in its daily operations.

As my manager and I discussed the success of various projects, he noted, to my

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great satisfaction, “What we are trying to do is to build a learning organization. An organization that acquires new skills and capabilities and uses those to create a new future. We are working in the domain of enduring change—these will be exciting rather than exiting times here at X-level!”

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