



DUDP LEARNING CENTRE

8. Organisational Assessment



December 2004

ORGANISATIONAL ASSESSMENT

Every organisation must adapt to an ever-changing environment. Before going through complex changes process, it is crucial to know where the organisation stands, and what are its Strengths, Weaknesses, Opportunities and Threats.

In this course, you'll learn how to assess strategically the position and direction of your own organisation and how to summarize them into a SWOT matrix. This course is mostly destined to public or administrative organisations.

1. Why an Organisational Assessment?

An organisation is constantly under pressure to adjust its structure, strategy, etc., to respond to external influences. Changes can be responsive and adaptative to influences or the organisation can adjust itself to anticipate expected changes.

Before going through a transformation process that will orient the organisation to a different direction, the actual location and direction must be known.

An organisational assessment can make use of different and useful frameworks that help “locate” the organisation within external and internal contexts.

An assessment intends to answer to the following questions:

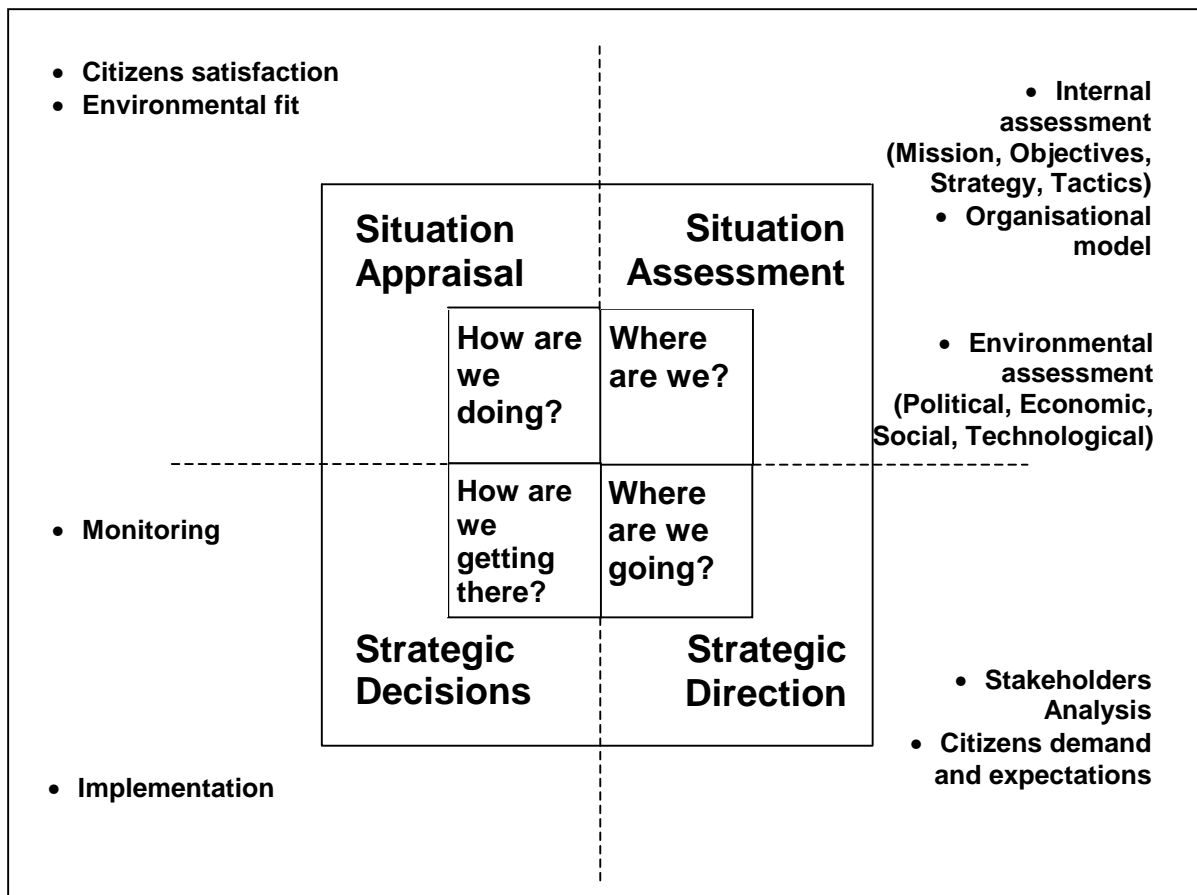
- “How are we doing?”
- “Where are we?”
- “Where are we going?”

An assessment is often the foundation for strategic decisions, which answer to another question:

- “How are we getting there?”

The four questions form the bases for the Strategic Management Process. Strategic Management involves awareness of how successful and strong the organisation and its strategies are, and of how the circumstances are changing.

Figure 1: The Strategic Square



2. Environmental Analysis

The environment is more turbulent than in the past. Managing it and operating in it demand more flexibility and more discontinuity than in the past.

The Environmental Analysis will enable you to:

- Understand the nature and degree of uncertainty in the environment
- Determine the opportunities that can be built upon and the threats to be overcome or circumvented by the organization
- Create a higher level of sensitivity to the signals in the environment
- Enable the organization to match its capabilities effectively and efficiently to its external environment through creating and implementing the relevant strategy
- Determine the degree to which proactive management can increase the control by the organization over its environment.

PEST Analysis

A PEST analysis is a framework that categorises environmental influences as political, economic, social and technological. The **economy** dictates the country's growth, and this has some consequences on the level of services that the citizens expect from a public organisation. Economic conditions are often influenced by politics and government **policy**. Economy and policy shape the **socio-cultural**

environment that encapsulates demand and expectations from the citizens. **Technology** derives for one part from the socio-cultural development and can force organisation to adjust its strategy and even the kind of services it has to deliver to the public.

The objectives of carrying out a PEST analysis for any organisation is to:

- Determine the **key environmental influences** on that organisation
- Examine the **impact of the external influences**.

Figure 2: Example of PEST analysis for the OSS

<p>Political: the new decree 181/2003 promotes the replication of OSS at districts levels. The Party encourages more transparency and accountability in public organisations, etc.</p>	<p>Economic: Strong economic growth in 2003 and 2004 of over 7%/year. Increased demands for business licenses and households registration, etc.</p>
<p>Social: Strong growth profits only marginally to the poor, that expects easier and less costly access to public services, especially related to education and small credits, etc.</p>	<p>Technological: Computers are popular tools, Intranet is already developed at provincial level, opportunity for linking OSS districts and province for delivering additional services, etc.</p>

Stakeholders

Stakeholders are individuals or groups who have interests in the organisation and also have the potential to influence whether the organisation attains its long-term goals. It is necessary to determine the views of all stakeholders on the impact of the key environmental influences.

When examining stakeholders, it is useful to distinguish between two groups:

- The **inner circle** of stakeholders who engage in direct relationships with the organisation (leaders, employees, citizens, etc.)
- The **outer circle** whose influence is more indirect and diffuse (media, donor community, etc.).

3. Organisational Strategy

An organisation's current strategy may be assessed by analysis of the **Mission, Objectives, Strategy** and **Tactics**, also known as MOST analysis.

Key questions to consider when analysing an organisation's **mission** statement include:

- Is the mission explicit or implicit?
- What is the purpose of the mission? Is it an external public relations exercise or is it internally focuses as a tool for staff motivation?
- Does it provide a basis for task and resource allocation?
- Does it provide direction?
- Does it make clear the values of the organisation?

Objectives provide a yardstick against which progress in achieving a mission can be measured. Good objectives for an organisation should be:

- Clear, focus and specific
- Measurable
- Feasible and acceptable for those involved
- Consistent with the strategy of the organisation.

When evaluating the **strategy** of an organisation, key points to consider include:

- Does the strategy help achieve the objectives and mission of the organisation?
- Is the strategy coherent and clear?
- Does the strategy provide direction and purpose?
- Does the strategy address the real issues?
- What assumptions are made of the external and internal environments?
- How is the strategy to be implemented?

Tactics are means by which a strategy is implemented on a day-to-day basis. When examining the tactics of the organisation consider whether they are:

- Focused
- Adaptable
- In line with the strategy of the organisation.

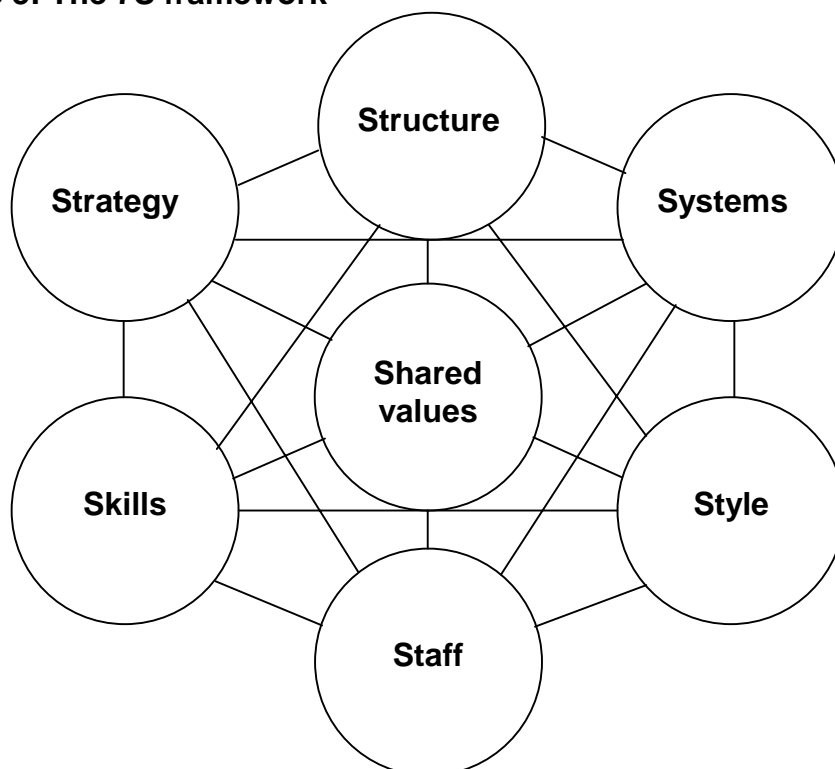
4. Organisational Model

An organisational model developed by McKinsey provides a useful framework to analysing all the aspects of an organisation. The McKinsey model identifies seven interrelated dimensions which determine an organisation's effectiveness:

- **Structure:** organisational chart, job descriptions. Look at the organisation chart. Is the structure appropriate with the strategy?
- **Systems:** procedures for getting things done. Review your systems of planning, control and performance. Do they help your organisation to be effective?

- **Style:** the way management behaves, including how management shows what it considers important. How would you describe the style of your organisation?
- **Staff:** the people, their strengths and weaknesses. Is your staff well trained, competent and well motivated? Are there any significant shortages?
- **Shared values:** the values that determine the culture of the organisation. How would you describe the values of your organisation as they get expressed in decisions and actions?
- **Skills:** Those capabilities possessed by an organisation as a whole. What your organisation's key skills and core competence?
- **Strategy:** a coherent set of actions aimed at providing superior services to citizens within allocated resources. What are the key elements of your strategy?

Figure 3: The 7S framework



As the diagram shows, all the seven dimensions are interconnected and interrelated. As one changes, therefore, there will have an influence on the others. Changes may stem from any of the seven dimensions and will have different levels of effects on the others depending on the extent and implications of the changes. If an organisation promotes change in one dimension, without acknowledging the needs to address the other dimensions, it will result in a misalignment of the different aspects of the organisation. This is likely to reduce the effectiveness of the change, so the performance of the organisation.

5. SWOT Analysis

Figure 4: SWOT Matrix

Internal analysis	Strengths	Weaknesses
External analysis	Opportunities	Threats

Once the analyses of the environment and strategic positioning of the organisation are completed, a useful way of bringing all the issues together is by using a **SWOT analysis**. SWOT stands for **Strengths, Weaknesses, Opportunities, Threats** and is a tool for analysing and summarizing an organisation's strategic position and the extent to which it is able to cope with the environment. The technique can be used to match the threats and opportunities external to the

organisation onto its external strengths and weaknesses in order to generate viable strategic options for the future.

The key to carry out a successful SWOT analysis is to ensure that the main points in each box:

- Deal with specifics and avoid available generalisations
- Are listed in order of importance
- Are limited to the most important six or seven factors.

Once the points have been entered into the matrix the organisational position and potential may be analysed. The principal idea, in terms of strategy formulation and strategic positioning for the future, is to maximise the strengths of the organisation in relation to potential opportunities, whilst minimising the weaknesses and threats. It is important to remember, however, that strengths, weaknesses, opportunities and threats are relative concepts, relative, that is, to other organisations.

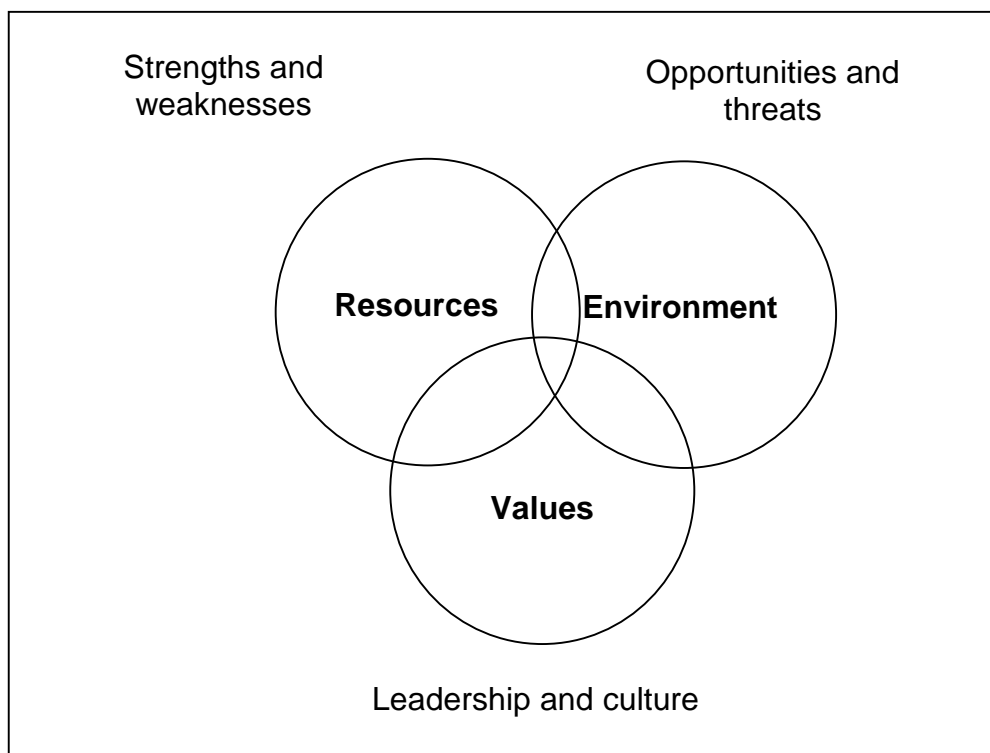
Figure 5: Example of SWOT for OSS Model

<p>Strengths:</p> <ul style="list-style-type: none"> • Efficient services delivery • Fit into existing organisational structure • Etc. 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • No regular monitoring • Staff not enough motivated • Weak customer-orientation • Etc.
<p>Opportunities:</p> <ul style="list-style-type: none"> • Backed up by Decree 181 • Praised by happy citizens • Wide support from donor community • Etc. 	<p>Threats:</p> <ul style="list-style-type: none"> • Lack of national guidelines and strategy for replication at communes level • Model is sometimes “adjusted” by the local authorities to comply with local politic • Etc.

6. Environmental fit

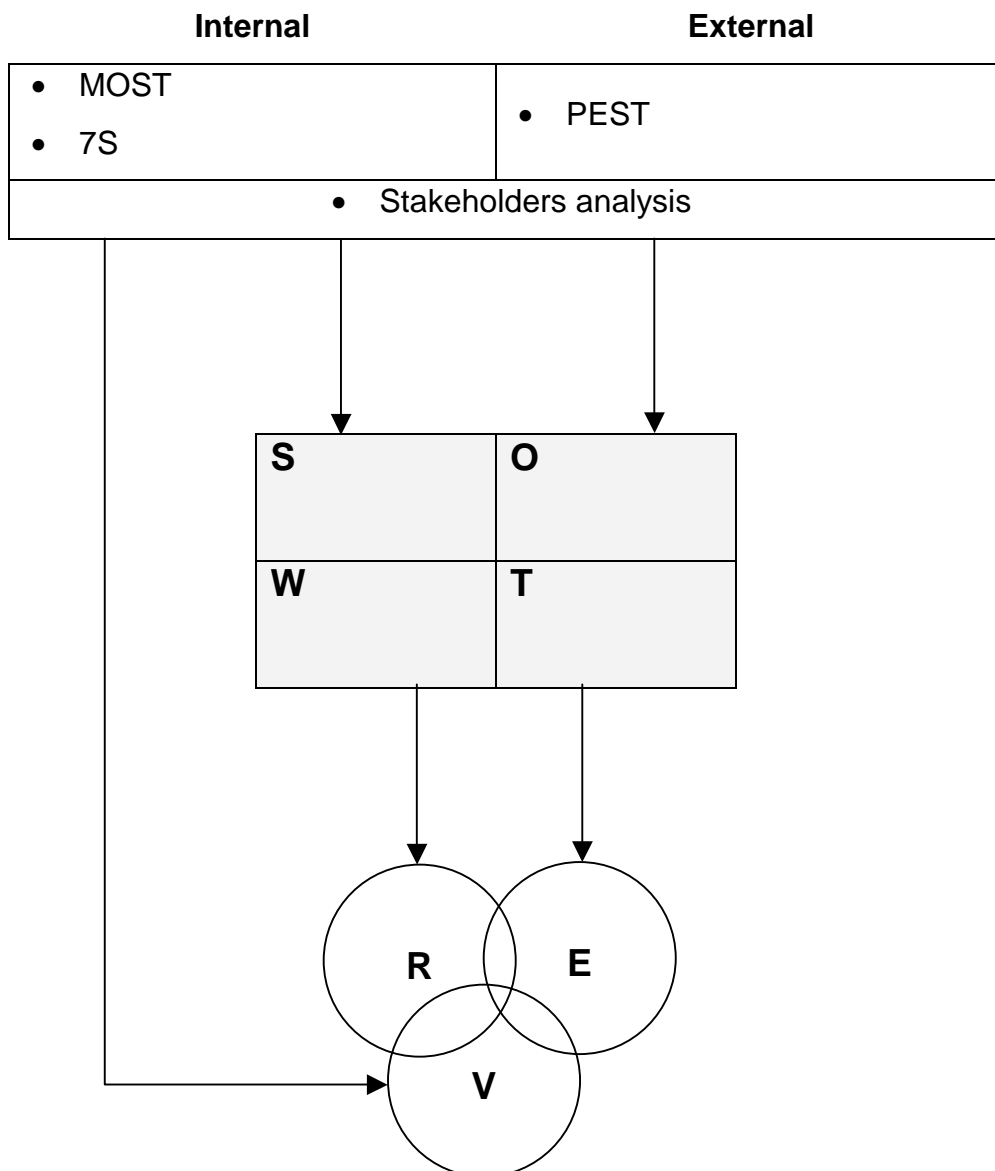
Environmental fit is an analysis based on the integration and interrelation between environment, values and resources. It is called E-V-R congruence. E-V-R provides a straightforward framework for assessing the organisation's existing strategies and strategic needs. It is common that values are included in a SWOT analysis as a resource, but it is sometimes useful to separate them, especially with regard to wider societal issues that a public organisation has to face.

Figure 6: E-V-R congruence



7. Summary

Many frameworks are used for assessing an organisation capabilities and position. Depending on the type of the organisation and its specific mission, a specific framework will be employed. The figure below intends to describe the links between all these tools.



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**Dong Hoi Urban Development Project is funded by the Swiss Agency
for Development and Co-operation**