CATER INVESTMENT GROUP

Reshaping Org Design for Global IT Firms

White Paper

Findings and After-Action Review

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- Executive Summary
- Problem Statement and Scope of Work
- Solutioning Approach
- Key Findings and Insights

Foundational governance and objective-setting are missing to ensure accountability and eliminate adverse behavior that distract from long-term goals

This effort was commissioned by the Global IT People Director to enable a "centralized-matrix" organizational design (referred to as "OD" or "Org Design") which the organization adopted in 2021 but failed to have proper adoption due to poor internal communication and lack of a cohesive strategy to realize economies of scale

Governance

1. **Client can improve its organizational efficiency by instituting a design authority** controlled by an unbiased internal entity or individual to review and approve organizational changes and ensure integrity of the org design
2. **Organizational principles and charters adopted from its org design (OD) work need to clearly outline KPIs** that inform success of each functional team on a short and mid-term basis
3. **The Finance function requires cohesive guidance to outline activities within purview of the centralized OD** and institute adequate controls to optimize capital deployment in budget, execution, and out years
4. **HR requires an overhaul of evaluation processes and policies to standardize role descriptions and seniority** to develop consistency among roles, compensation, rewards, and retention to lower unwanted attrition

Organizational Design

1. **Client leadership lacks a sense of accountability for its own performance or that of its staff** as there is no mechanism to track performance and behold them to stated objectives
2. **Client requires a voice-of-consumer survey to baseline its service level** amidst its transformation as it lacks accountability across the organization given it does not measure impact of initiatives or effectiveness of IT personnel
3. **The organization requires a clear engagement model** that outlines specific roles and entities responsible for identifying change, addressing problems, funding solutions, and communicating impacts
4. **Creation and implementation of the most basic processes and controls are needed** given the matrixed OD to define the entity responsible for work and coordination points ensuring proper handoffs of work across the organization

Source: Client Interviews and Cater Investment Group Analysis

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The organization lacked foundational maturity to implement processes and standards globally which resulted in an inability to define and measure success

- **Lack of role clarity existed within Enterprise IT** due to the shift of personnel from location or agency-specific roles without a clear mandate leading to fear and uncertainty
- **Absence of processes result in service inefficiency and lack of transparency** to address agency demand and measure effectiveness
- **Lack of job purpose and realized advancement** results in lower morale and attrition of top tier talent due to a lack of a comprehensive talent strategy
- **Operational silos permeate and lack coordinated approach to realize sustainable solutions**
- **Organization requires a way to surface, triage and fund demand** which arises from the agencies it supports



We addressed these challenges by ***defining roles***, ***increasing accountability***, and ***outlining interactions*** among teams

Source: Internal Interviews and Cater Investment Group

Lack of ownership for the org changes has been realized even among the most senior team as there has not been a cohesive strategy to implement change

> **The further you go from HQ, the less real this transformation feels.**
>
> *- Leadership Team Member*

> Many times, **we feel like we have to protect the business from Central IT**.
>
> *- IT Leadership Team Member*

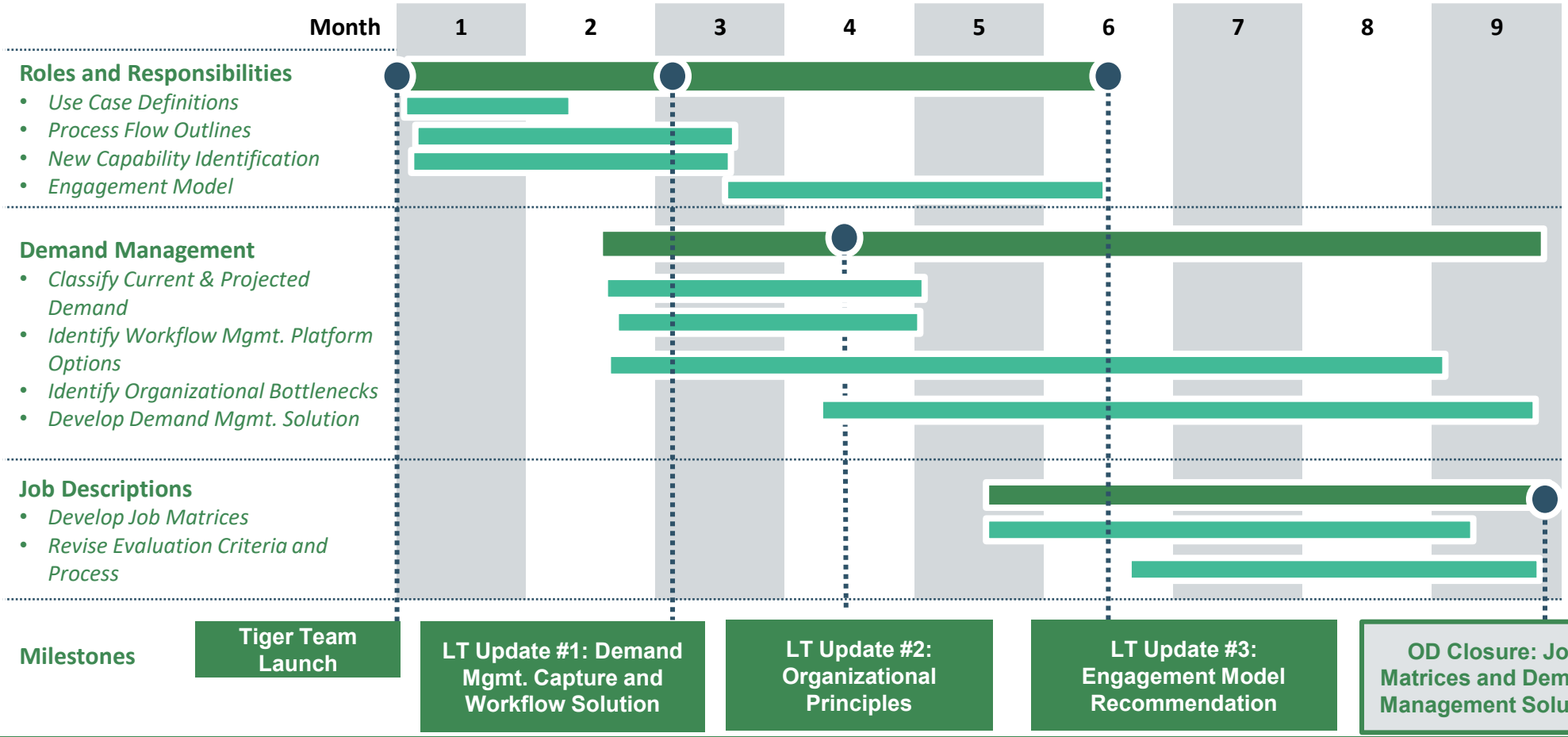
> **We don't have any delivery people, so we just improvise** and lean on relationships to get things done for the agencies."
>
> *- Senior Team Member*

> A cross-functional effort is sorely needed - **We developed our own teams in silos and feeling the pain of why they aren't working together**.
>
> *- Leadership Team Member*

> I've been here seven years and even with the OD changes, **I still don't know who owns processes or activities** and its leading to key things being dropped
>
> *- Senior Team Member*

Source: Internal Leadership and Senior Management Team Interviews

The project was a nine-month engagement to outline interdependencies between functional teams and foundational maturity to org design



This phase of work concludes with standardizing job descriptions to the organization based on consolidated process flows and mechanisms to manage the book of work to develop an org design

Source: Cater Investment Group

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For the organization to adhere to its design, we developed processes and principles that align resources to where demand occurs to establish efficiency…

Simplification at our core



We will look for the **power of doing things once** in how we deliver our strategy and objectives

- **Create clear definitions of team charters with specific KPIs** to redesign *roles* to meet clear and simple objectives
  - Standardize IT Operations Managers and third-party support to perform deskside support
  - Recalibrate the seniority of people within C&CE to meet the requirements of the role

Design for client needs



We design **based on client's future needs** and utilises hubs where possible

- **Leverage economies of scale and location-centric strategy for organizational infrastructure** to reduce total cost of ownership
  - Building cost-effective centers of excellence for skills such as infrastructure engineers and cross-platform support that bolster service to global stakeholders

Greater empowerment



We **build roles** with clear accountabilities, so **decision making** occurs in the **right place** & **time**

- **Position personnel where demand occurs by empowering Archetypes to make IT business decisions** whose impact is limited to its agencies
  - "Hub-and-spoke" model for undertaking projects removes undue stress for centralized functions
  - Central programs and functional teams such as IT Operations can establish best practices which are deployed locally and fit-for-service

Source: Internal and Cater Investment Group

…and provided greater maturity to headcount constraints, pathways for career development, and implemented tooling to support standardization of analysis

Value conscious



We will **invest in our specialisms** but work to **increase the flexibility of our cost base**

- **Distinguish budget into S&B and program dollars** to reconcile book of work and demand initiatives to return on investment or risk mitigation impact
  - Pair compensation to the requirements of any given role and location instead maintaining legacy costs from current personnel
  - Structure teams with the optionality of having different seniority of roles

People-centered



Our **talent is our IP** and our design should enable growth through **flexible career pathways**

- **Develop *standardized* job descriptions** that allow for recruiting, retaining, cultivating, and promoting talent allowing them to transition within the org
  - Create job matrices that standardize role types regardless of functional teams to provide easy identification for opportunities
  - Develop a performance evaluation process based on competencies with quantitative input from colleagues

Underpinned by innovation & automation



We will **automate and innovate to drive speed & accuracy**

- **Institute common reporting and tracking mechanisms** across each of the functional teams to improve collaboration and coordination
  - New Demand Management Solution allows for the Global CIO and CFO to surface, triage, and fund demand easily
  - Pioneered end-to-end workflow by use cases to be used to develop operational model maturity where it currently does not exist

Source: Internal and Cater Investment Group

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IT Client has significant area for improvement relative to other peer firms in four of the five areas assessed to establish organizational effectiveness

Organizational design benchmark and assessment of IT Client[1]

Higher Score

Lower Score

Workflow & Systems Process

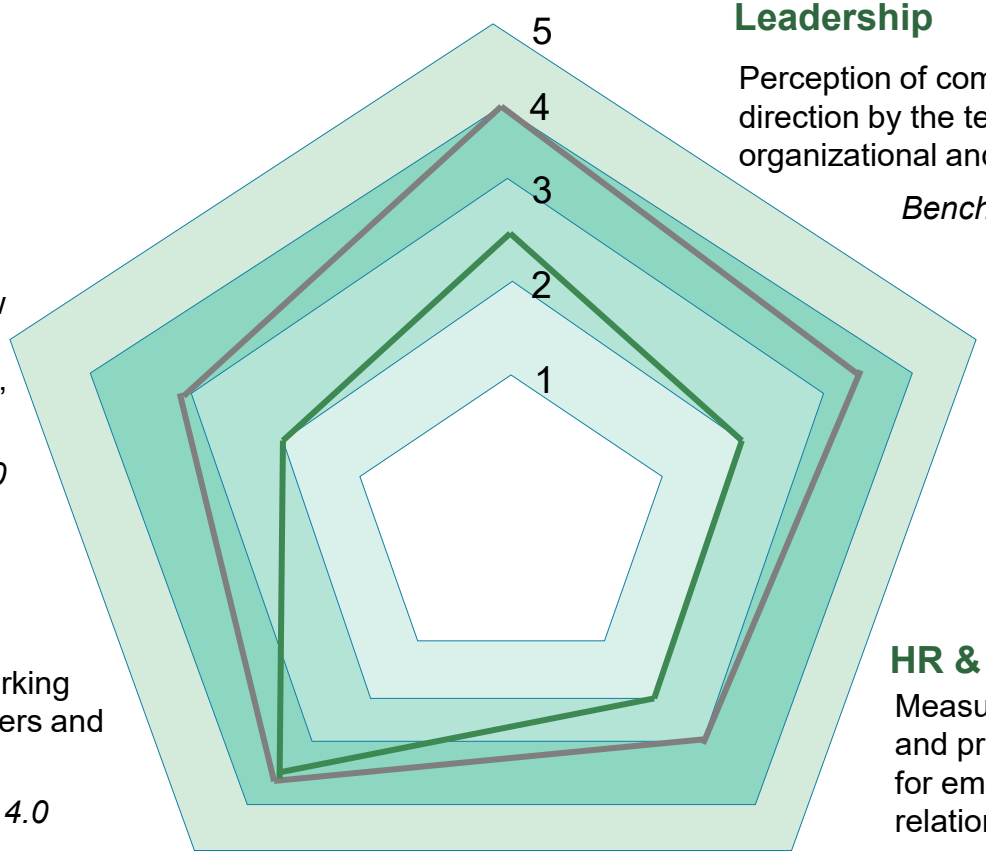
Measures the impact of tools used to systematize the workflow process. Evaluates planning, documentation, audit and review.

Benchmark: 3.2; Client 2.0

External Relationships[2]

Based on functional working relationships with partners and suppliers

Benchmark: 4.0; Client: 4.0



Leadership

Perception of competence and clear direction by the team members for organizational and personal leadership.

Benchmark: 4.0; Client: 2.5

Communications

Evaluation of written and verbal messaging to team members and internal stakeholders to convey pertinent information

Benchmark: 3.6; Client: 2.0

HR & Org Processes

Measures support workforce development and progression. Criteria are established for employment, training, employee relations, measurement and results

Benchmark: 3.0; Client: 2.0

1. Client data based on empirical data from a combination of internally administered stakeholder management surveys, internal interviews, and baselining to numerical equivalents of fully administered assessments. 2. Based solely on empirical evidence.

Source: Client Internal Stakeholder Survey, Cater Advisory Group Partners, and Cater Investment Group Analysis

Suboptimal assessment results from lack of processes and policies as well as negative feedback from senior team members and internal agency stakeholders

Findings from [SANITIZED] organizational assessment

Leadership	 2.0	**Confidence in Client leadership has a net negative favorability score among senior staff**; Team members do not believe that the leadership has a clear vision for success and understanding of the organization
Communications	 2.0	**Communication of the IT transformation and ways of working has been sparse and uncoordinated** to employees who are not in HQ. No communication channel exists to convey information or solicit input from regions
HR & Org Processes	 2.0	**HR processes lacks standards for job descriptions and accountability to enforce policies** within specific teams leading to inconsistency of roles & seniority across the organization as well as a "fair" evaluation to assess talent – leadership and working level
External Relationships	 4.0	Though evidence exists to suggest this may be less favorable, the org maintains long-term relationships with select partners. Despite tension among some of its largest partners, **the org has developed solutions to establish new ways of working effectively together**
Workflow Systems & Processes	 2.0	**Established processes and enforcement mechanisms are virtually non-existent or broken** as a result of the transformation and informal relationships and ad-hoc processes have been used to accomplish goals by many employees

Legend

1	2	3	4	5
Lacks any capability or process to realize objectives	Lacks sufficient skills or capability	Demonstrates relevant skills or process but not optimized	Demonstrates strong skills but with minor improvement areas	Demonstrates masterful capability and maturity

1. Client data based on empirical data from a combination of internally administered stakeholder management surveys, internal interviews, and baselining to numerical equivalents of fully administered assessments. 2. Based solely on empirical evidence.

Source: Client Internal Stakeholder Survey, Cater Advisory Group Partners, and Cater Investment Group Analysis

To simplify engagement with stakeholders, use cases culminate in three contacts responsible for the relationship and process to resolve issues

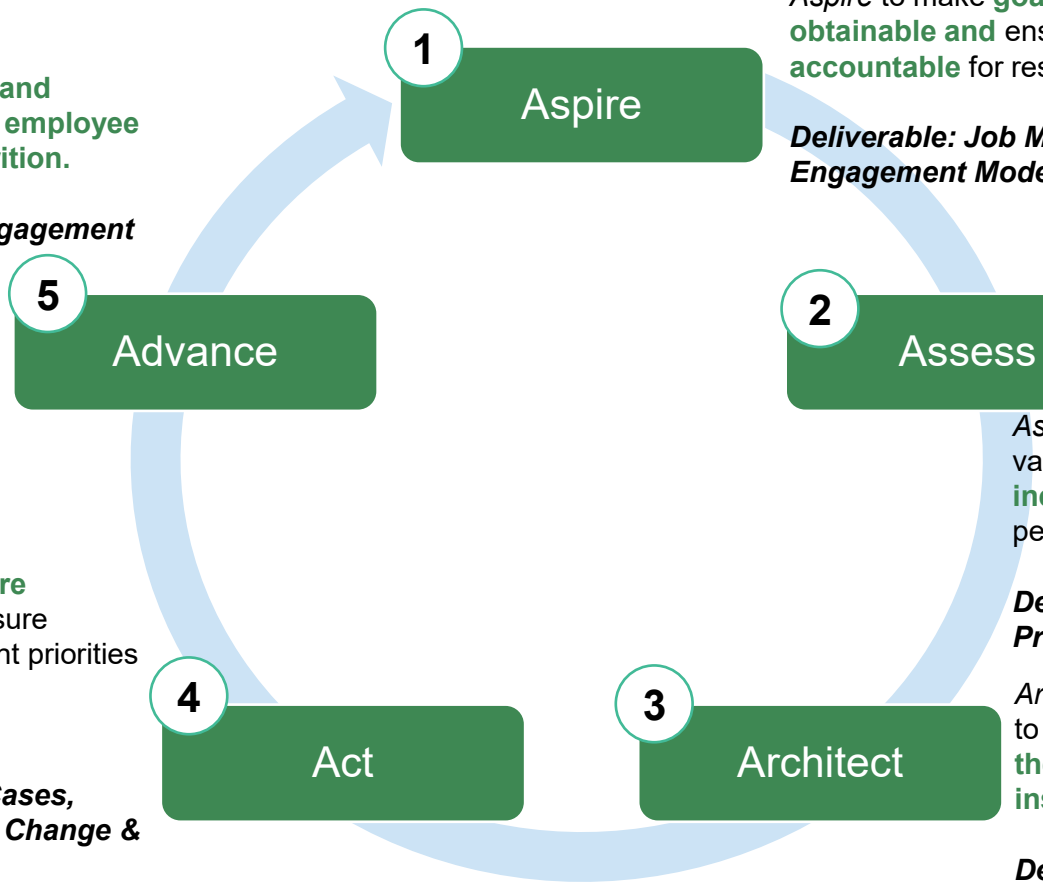
Use Cases[1]	Relationship Owner	Supporting Contact	Process Delivery
1. New Solution / New Start 2. Cross Archetype Collaboration 3. Configuration of Current Platform / Product (BAU)	Business Partner	Project Manager or Product Manager	Archetype Project Manager OR Transformation Project Manager Transformation Project Manager Archetype Product Manager
4. Incident Management / Help Desk Support	IT Operations Manager	Business Partner	Service Mgmt.
5. Office Moves	Business Partner	Project Manager or IT Operations Manager	Archetype Project Manager OR Transformation Project Manager
6. M&A Integration 7. Divestment	Business Partner	Project Manager	M&A Team
8. Data, Network & Server Migration	Business Partner	Hosting Team Lead	Hosting Team
9. Client Reporting & Contracts 10. Operational Assurance & Cyber	Operational Assurance	Business Partner	IT Operations Governance

1. **Business Partners (Agency Based)**
2. **IT Operations Manager (Location-Based)**
3. **Operational Assurance (Agency Based)**

Source: Client and Cater Investment Group Analysis

To develop and sustain the organizational design, there was a need to develop definition & accountability to result in change in the ways of working

Application of Org Design Concepts within Client



Aspire to make **goals challenging, specific, but obtainable and** ensure that **managers are accountable** for results.

Deliverable: Job Matrices and End User Engagement Models

Assess how the organization lives up to its value proposition to employees. **Align incentives to long-term behaviors** so people don't engage in quiet quitting.

Deliverable: 360-Degree Evaluation Process Transformation

Architect roles, career paths, and upskilling to fulfill desires of strong employees. **Craft the role of managers to be coaches instead of solely task coordinators.**

Deliverable: People Management Evaluation and Career Path Outline

Act to develop ways to **measure organizational changes**. Ensure alignment of talent development priorities to achievement **and provide transparency of metrics.**

Deliverable: Workflow Use Cases, Proposed KPIs, and Internal Change & Adoption Quality Assurance

Advance **effective initiatives and champions cited to improve employee engagement and reduce attrition.**

Deliverable: Stakeholder Engagement Survey

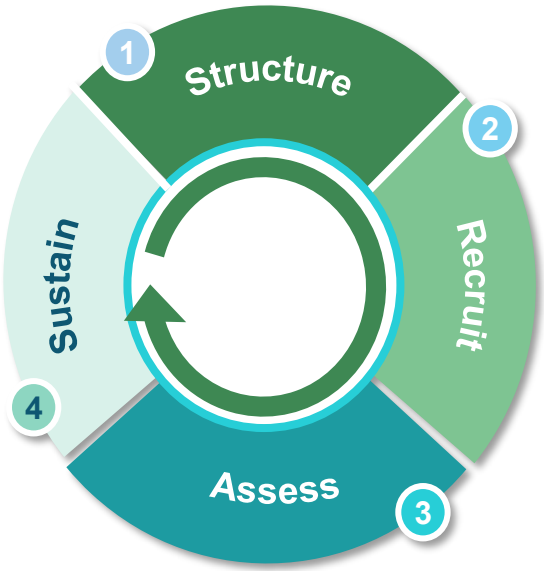
Source: University of Michigan, McKinsey & Company, and Cater Investment Group

People Team **is best suited to enforce the org design as it corresponds directly to the HR lifecycle and functions independently from other functional areas**

HR Lifecycle Initiatives

Determine the "right sized" number of FTEs and levels by functional team based on a level of demand, BAU book of work, and objectives

- Charter re-establishment
- Operational process flows
- Workbench assessment
- Organizational structure



- Automated HR Methodology & calibration
- Retention strategies
- Career paths

Establish clear compensation, reward, and career path options for high achievers to retain top talent and develop corrective action for others

Structure and standardize skills and capabilities required to perform roles are realize organizational objectives

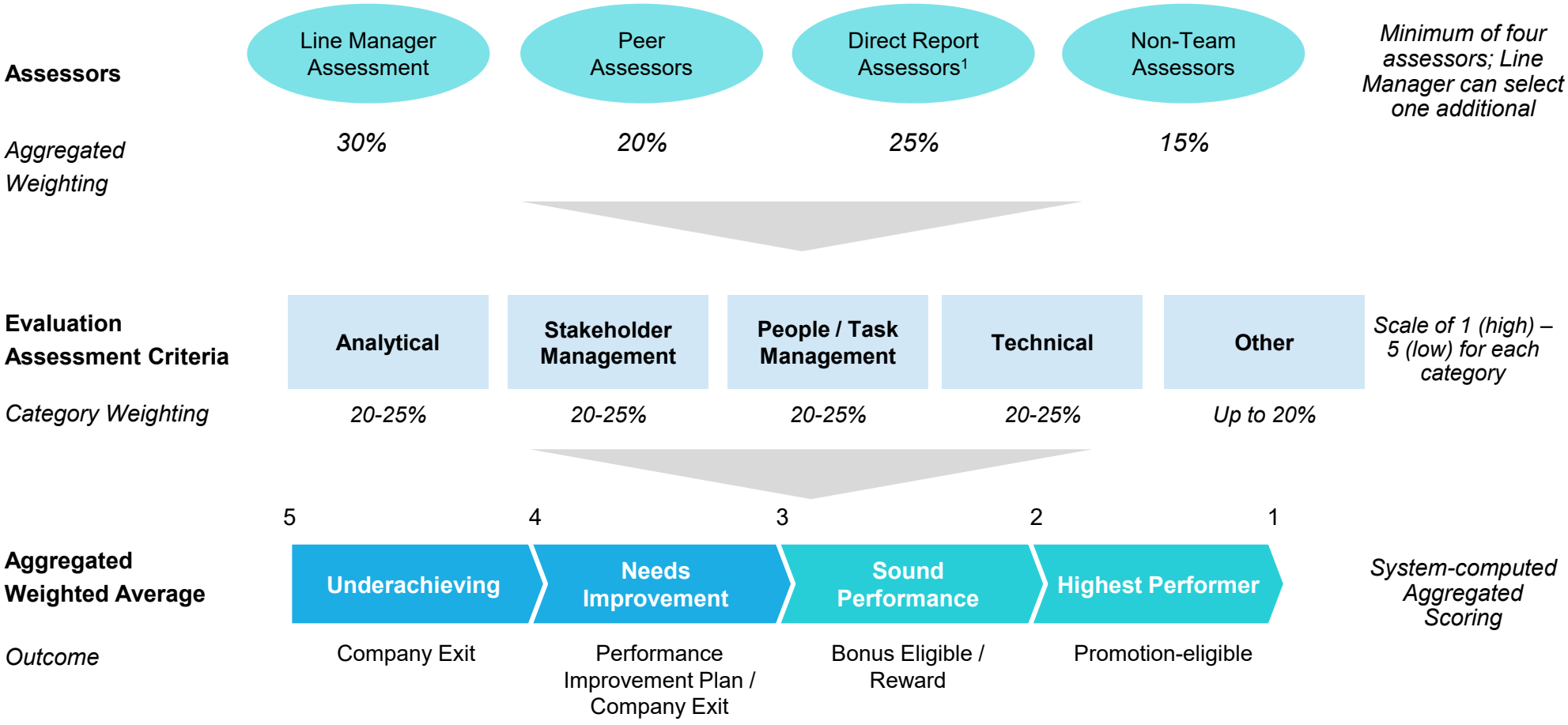
- Skills / capabilities framework
- Create job matrices with accurate descriptions
- Establish single approval process for job listing
- Develop scoring criteria

Assess performance based on quantitative methodology in Lattice based on those they collaborate with and HR hold employees accountable for performance issues

- Quantitative matrix-based scoring effort
- 360° assessment evaluation process
- Equitable compensation and benefits

Source: U.S. Bureau of Labor and Statistics, LinkedIn, and Cater Investment Group

The process to implement these allows colleagues to share a quantitative assessment that would provide more holistic performance evaluations



All non-line manager assessors would be filled by a combination of pre-established evaluators based on established workflow and candidate identified personnel which

1.If applicable; This allocation would be equally allocated among peer and non-team assessors for individual contributors.
Source: Client Interviews and Cater Investment Group Analysis

Formalizing job matrices allows for the leadership team to properly enact the job architecture within each functional team

ILLUSTRATIVE

Functional Team / Subteam (# FTEs)

Position Title – Job Family, Job Architecture Level

Authorized Organization (12 FTEs)

Management Roles (3 FTEs)
- *M5 – 1*
- *M4 – 2*

Individual Contributors (9 FTEs)
- *P5 – 1*
- *P4 – 4 (3 roles can also be upgraded to P5)*
- *P3 - 4*

N-2

Service Management Front Office (2 FTEs)

Department Head - Service Mgmt, M5
Demand Coordinator – Strategy Execution, P3

N-3

Service Strategy (4 FTEs)

Team Lead – Service Mgmt, M4
SIAM SME – Service Mgmt, P5
Transition Mgr – Service Mgmt. P3
Transition Analyst – Strategy Execution, P3

Service Management Delivery (3 FTEs)

Creative Lead - Service Mgmt, P4/P5
Media Lead - Service Mgmt, P4/ P5
Specialist Lead - Service Mgmt, P4/ P5

Service Operations & Insights (3 FTEs)

Head of Insights - Service Mgmt. M4
Service Analyst – Service Mgmt. P4
Service Analyst – Service Mgmt. P3

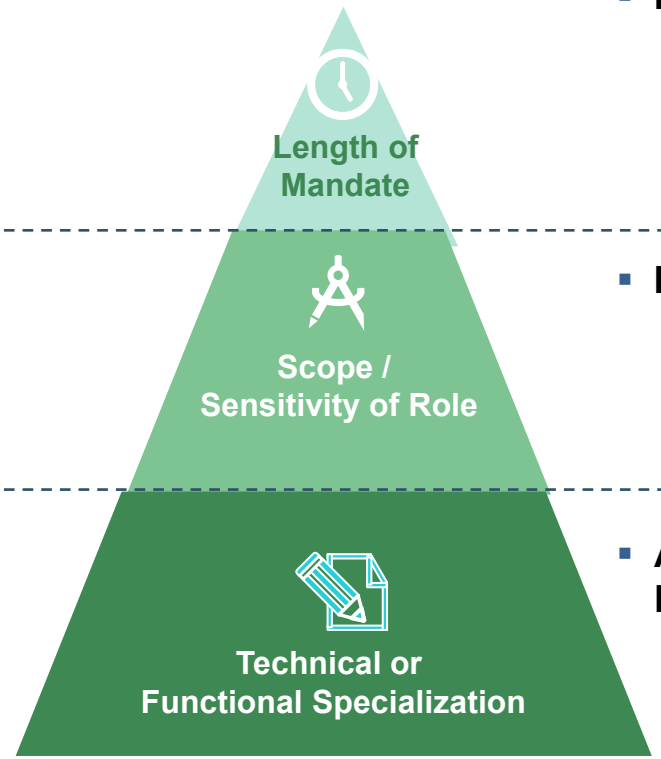
The organizational structure decouples the organizational position of roles ("N" level) to assign capacity where needed and select the location of roles to inform *People Team* members how to structure compensation and recruit talent at the greatest value

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Source: Cater Investment Group Analysis

To aid OD principles, there are core criteria to determine if a role should be institutionalized into permanent positions or outsourced to 3rd party partners

Considerations for what constitutes permanent roles



- **Does the primary objective of the role have a short-term target date?**
  - **If yes, then the timeline should be 4+ years** to justify a new role to account for the average employee job tenure and also reduce the cost of labor associated with contract support
- **Is the role strategic to the core charter of its functional team?**
  - **Institutionalized roles should either have a book of work that requires ongoing activities (BAU) and/or have measurable value** to maintain internally (i.e. non-initiative centric roles or trade secret access)
- **Are the needed capabilities/activities being performed or have a history of being successfully performed within the organization?**
  - **Highly-specialized roles should be outsourced to proven vendors and *opportunistically insourced*** into full-time roles based on value delivered and alignment to long-term objectives

People Leaders should regularly assess the capacity of their teams and the alignment of new demands with the current mandate to determine if they should be embedded in current organizational roles

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Source: U.S. Bureau of Labor and Statistics, LinkedIn, and Cater Investment Group

There are still several considerations which should be assessed over the next 12 – 24 months to realize desired outcomes from the transformation objectives

IT Leadership

- **There is a lack of enforcement of the organization's own adopted organizational structure** because of a failure to promote integrity of functional team charters (i.e. Service Management to GTS)
- **Current org design approach is flawed as it *places legacy people into positions instead of designing roles based on the book of work*** to make retention decisions and fulfill objectives
- **There are no clear KPIs for which functional teams and their leaders are accountable;** resulting in an inability to drive changes when current processes prove ineffective (i.e. Transformation and DWP)

Governance and Controls

- **Budget and finance processes are immature** to identify how personnel and program funds are allocated to promote enterprise service-oriented IT, lower total cost of ownership and improve ROI
- **There is a lack of strategic approach to manage change and new IT demand as requirements are fielded in silos** even within the same team instead from an enterprise perspective
- **"Management by committee", or lack of a single accountable person, continues to result in suboptimal enforcement** and raises challenges to uphold HR policies and procedures in its new off-shore staffing centers

Org Design Observations

- **Strategic Communications is understaffed** and lacks resources to allow Archetypes CIOs and Global CIO to speak to agency stakeholders regarding organizational and service changes
- **Deskside Support service model is overly dependent on 3rd party vendors, lack clear mandates, and overly allocated to select sites** rendering it unable to assure service globally
- **Service Management, Communications, and Change & Adoption are engagement functions which require independence** and direct line to Global CIO to inform and relay transformation impact
- **There is over centralization of certain functions** to move several degrees away from where the need arises (e.g. Service Delivery centrally deployed despite minimum levels of demand from agencies)

Source: Cater Investment Group Analysis

Practice Leaders



Alex Cater
Principal

Experience

Leads financial management and strategy initiatives for private and public sector organizations

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- Institutes post-merger integration for recently acquired or partnered companies
- Conducts organizational assessments and provides investment plans to improve processes and tools

Samsung Group

- Led project teams for valuation, negotiation, and deal structure effort for JVs and potential new clients
- Developed investment plan for attracting and retaining talent for new SE Asia markets

Booz Allen Hamilton & A.T. Kearney

- Modernized various departments in large organizations
- Developed financial model and investment plan for IT systems and organizational alignment for new businesses

Education

- MBA, The Wharton School – University of Pennsylvania
- BBA, Stephen M. Ross School – University of Michigan



Kevin Martin
Lead, Org. Management Practice

Experience

Organizational development and diplomatic specialist with robust experience at the U.S. Department of State

Cater Investment Group

- Spearheads organizational management practice and program construction for public and private sector clients

U.S. Department of State

- Facilitated solutions for humanitarian and political crises and conflicts through workshop and summits
- Liaised on behalf of U.S. State Department consular and management goals through collaboration with officials at the U.S. Department of Justice, INTERPOL, U.S. and Foreign Embassies & Consulates
- Led training workshops and onboarding for new fellows, Civil Service and Foreign Service officers using presentations, simulations, and lectures
- Coordinated with U.S. Embassies & Consulates to negotiate issues for human rights analysis

Education

- MS, Diplomacy & Conflict, George Mason University
- BA, Political Economy, Florida A&M University

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