



OD Capability – Build or Buy?

Jan Lavery and Jane Boiston from the B4 Partnership look at the subject of Organisation Development and if and when it might be best to build your own internal capability rather than relying exclusively on external support.

What is 'OD capability'?

Simply put, Organisation Development is about designing and implementing changes to an organisation to improve its effectiveness and performance. This is becoming increasingly important as the pace of change advances and the need to compete becomes paramount in business today.

Often we rely on external consultants to facilitate these activities and yet there is much to gain from building this capability internally!

Why would you build internal OD capability?

For the HR Director, providing OD support to the business means fulfilling the strategic partner role. It's about delivering organisation wide change that is directly correlated to delivering high performance and achieving key business targets and goals. This influential platform enables HR to translate the business strategy into a holistic people strategy and really leverage the strength of a targeted plan to drive employee engagement and their contribution to the business.

Building the expertise in-house can save money in the long run as it reduces reliance on specialist external consultants and builds a body of knowledge and experience of change and change history in-house. This means not reinventing the wheel by using previously developed, tried and tested techniques and tools on new projects and eliminating the learning curve a consultant would need when commencing an assignment. Uniquely, you would benefit from the innate knowledge an employee has of the business's culture, ways of operating and relationships with key players that all contribute to successful change design. Internal resource also ensures fleetness of foot when a new requirement is identified – focussing your team on priorities immediately without the lead time needed to secure external resource, agree contracts and brief them on the assignment.

Perhaps more valuable in the long term is the potential such a role creates. For larger organisations managing multiple and complex change an OD team offers a key focal point for the coordination of change programmes and establishes an owner who can actively manage your repository of knowledge, tools, techniques and case studies of change used in the business. The lead OD practitioner is also ideally placed to become a thinking partner to the HR Director and CEO and their role presents a succession route to HRD.



But, of course, there are downsides. There is an investment attached to building internal capability and it is critical that the team continue to sharpen their skills and knowledge in order to stretch the thinking of the organisation. Once developed the skills are highly valuable so challenging the individuals and evolving the brief in line with the business evolution will ensure the investment is returned and individuals retained. Constantly reviewing organisation effectiveness could result in 'change for change's sake' so ensuring a business case is provided for every intervention is also a necessary habit.

However, the benefits gained from external consultants are difficult to replicate internally. What consultants may lack in a deep understanding of your particular business, they make up for in their specialist, extensive and up to date expertise in OD. Their breadth of experience from a variety of markets and clients brings richness of understanding and benchmarking capabilities. They offer you a flexible resource which can be assigned to a project for a fixed period. There may also be times when a credible, known brand name with a good reputation in advising businesses is important in persuading and influencing critical stakeholders. Their tools, methodologies and techniques are proven and are left with you to re-use after the assignment and they bring an independence and objectivity to the business, potentially seeing and saying things internal teams have difficulty with.

So when might conditions be right to build an internal OD team?

Usually the businesses who choose to go down this route are larger corporates experiencing a significant amount of complex change with a credible, well developed and influential HR function and a degree of management maturity across the business who see value in managing change well. Often a trigger will occur that forces the pace on developing in-house expertise such as a market development, an acquisition, a major change programme requirement and/or a burning platform to address, a cost reduction exercise or a new CEO looking to make a mark on the organisation.

How would you develop a business case for internal OD capability?

Some areas to explore are:

- **Cost:** Determine the cost of external consultancy resources in the past 12 months (and possibly the previous two years to gauge the trend) and the budgeted spend for the following financial year. Do the same for the number and cost of temporary staff you have had to supply to backfill roles when urgent strategic change projects have become a priority. Judge the current cost of managing change compared to the employment of your own team.
- **Co-ordination:** Gather a list of all the change projects going on in the business and their impact. Show the cumulative effect of this and highlight the need to manage this in a co-ordinated fashion.
- **Consistency:** Show the variety of external consultants who have operated within the business over the last 12 months and illustrate the differences in their methodologies and approaches – thereby demonstrating the value of developing one approach and a framework managed internally for the business.



- **Knowledge:** Illustrate the learning curve of new consultants getting up to speed on each new project and compare it to that of an internal team.
- **Feedback:** Consider any feedback you had from line managers, employees and customers on the impact of change on them and how well it was managed.

If this does justify investing in internal resource, you may still want to retain the benefits external consultants can bring. Most organisations create a healthy balance of both ensuring external consultants are truly focused on delivering the value add they can offer working alongside the internal team who co-deliver, gather learnings and manage the process and stakeholder relationships effectively. A blend is usually the right answer as requirements for support in the business will peak and trough. External consultants supporting the peaks is cost effective and productive whilst the internal resource maintains leadership of change 'your way'. As Woodrow Wilson said "I not only use all the brains I have, but all I can borrow."

The B4 Partnership is a strategic HR and Organisation Development consultancy formed by Jan Lavery and Jane Boiston. Their expertise ranges through organisation design, business transformation and change management. One area of focus is HR transformation including the building of internal OD capability. Further details can be found at www.theb4partnership.com



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