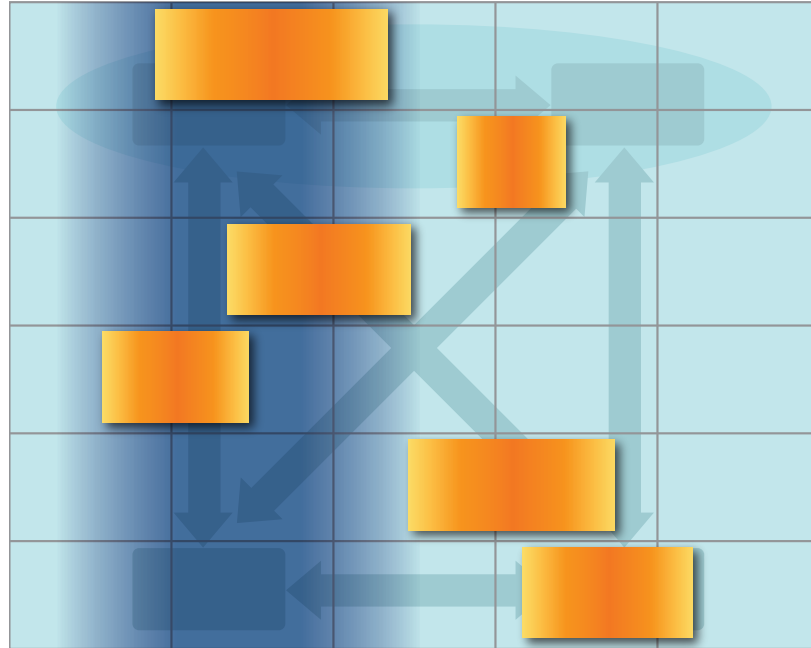


SOLUTION OVERVIEW

The Holistic Organization Model

Today more than ever business environments are rapidly changing, requiring your company to continuously adapt. If environmental complexities including customer demands, regulatory requirements, and competition are not adequately addressed, businesses run a high risk of failure.

Maneuvering the ever increasing complexity of the external environment requires more and more complex organizations in order to survive and thrive. In addition, bureaucracy tends to develop a life of its own, making your organization even more complex.

However, increasing organizational complexity means higher cost, which may make your company less competitive. Striking the necessary balance between an explosion of cost and staying competitive is a difficult undertaking at best, and one at which very few companies excel.

Determining the ideal state between required complexity and desired simplicity is extremely difficult due to the multitude of quantitative variables and qualitative influences involved.

For that purpose Clarkston Consulting has developed the Holistic Organization Model (HOM). The HOM provides a comprehensive analysis of the external complexity combined with a differentiated and consistent assessment of the organizational complexity. Using the HOM will ultimately result in a portfolio of targeted initiatives with measurable benefits that align organizational complexity with the external environment, removing unnecessary cost while strengthening your overall organization.

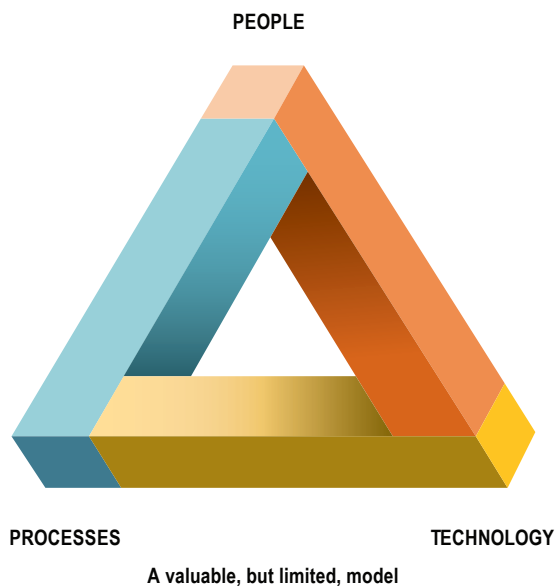
“Applying Holistic Organization Modeling principles in the forefront of a major post merger integration was instrumental in achieving the on-time and on-budget completion of that effort.”

Thierry Simonin
European IT Director, Mylan

Evolution of the organization model

Since the earliest point in history, humans have formed organizations in order to improve their chances for survival. Hunters and gatherers formed tribes. In agricultural societies villages emerged with clear specializations (bakers, blacksmiths, etc.). Craftsmen organized themselves into guilds during the Middle Ages. Workers formed labor unions in reaction to the Industrial Revolution. Today's service based economies grew from new opportunities introduced during the Information Age. Organizational structures evolved, from simple hierarchies, to staff organizations, to matrix organizations, to cell-based organizations, and finally to highly complex networks. Increasingly complex organizations became necessary to manage the execution of increasingly complex tasks in dynamic environments.

At the end of the 20th century a new approach to address the additional complexity was introduced. Looking at organizations through the lens of the People – Process – Technology framework has proven highly beneficial for organizational efficiency and has found wide acceptance.



A novel viewpoint

The 21st century requires an update to the model. The People-Processes-Technology triangle has been an excellent framework for understanding organizations and their structures in the past. However, looking at people, processes and technology without considering the organizational structure as an equal entity, leaves one important consideration out of the picture. Processes and technology are well defined entities that stand

by themselves; they are easily distinguished and do not require further subdivision. The people in the organization, however, should be looked at from two different viewpoints:

- **Individuals** – people who have personal beliefs, possess certain skills, and have individual motivations.
- **Structure** – people as members of teams that fill certain positions in the organization.

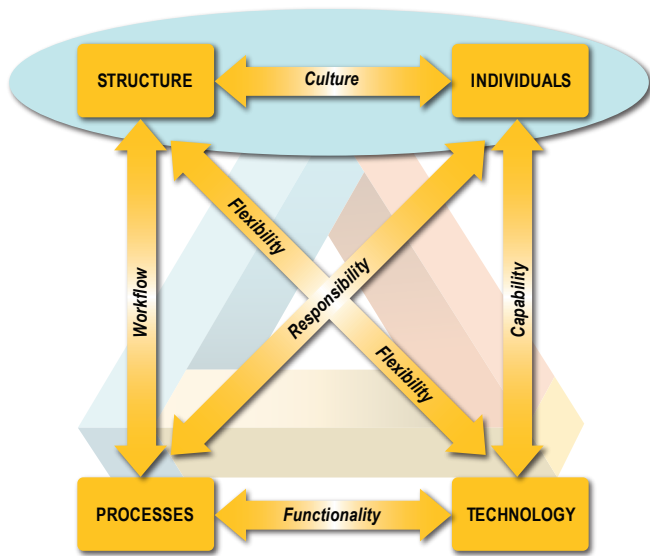
The relationship between structure and individuals has mostly been looked at in the context of organizational culture, which is becoming more and more prominent as a driver of performance in organizations. However, the alignment of people, processes, technology and structure is a topic that is not as well understood, mainly because it is difficult to assess.

The Holistic Organization Model provides an advanced framework that introduces the structure of an organization as an entity equal to individuals, processes and technology, rather than as an object to merely be observed.

Assessing the organizational structure as a separate entity allows for insights into organizational efficiency that could not be observed otherwise. In effect, the HOM opens the top of the triangle to create a new – and more comprehensive - framework.

“Successful companies have individually addressed people, process, and technology for years. Clarkston Consulting has developed an innovative approach to expand the model to address culture as well as the corresponding relationships among people, process, and technology. By looking at the relationships we are able to identify disconnects and put plans in place to further advance our business performance.”

Dr. Andreas Winterfeldt
Corporate Senior Vice President
Boehringer-Ingelheim GmbH



The right amount of complexity for your organization

The Holistic Organization Model describes the organization in terms of four entities, connected by six relationships. The four entities in the model need to be well-aligned in order for the organization to function optimally in the external environment; given this, the complexity of the organization is reflected in each of the relationships.

Separately the relationships can be analyzed with considerably more focus and direction than evaluating the organization as a whole. However, since the relationships connect each entity with each other, the individual analyses can then be interpreted in the context of the overall organizational complexity.

In many organizations this relationship-complexity-alignment is not optimized. To jump-start the alignment and continuous improvement process, and frame it in a clear methodology, Clarkston Consulting has developed several service offerings that guide your organization from an initial HOM Assessment, through the HOM Diagnostics, to the execution of clearly defined initiatives with measurable benefits. The Assessment and Diagnostic services feed the cycle of continuous improvement and put a strong emphasis on maintaining the integrity and consistency of the Holistic Organization Model.

The **assessment** process begins with the HOM Tool itself. Using a focused set of questions, the assessment will determine, illustrate, and clarify the required complexity of the organization over several dimensions. The overall trend of the answers, combined with the consistency, will position the 'required complexity' relative to the 'assessed complexity' in varying breadths across the complexity scale, quickly highlighting exactly where and to what degree the organization is out of alignment. Acting as a sort of

'first response', the HOM tool will suggest potential improvement opportunities for the organization, and recommend the most viable opportunities for the diagnostic and further investigation.

A typical **diagnostics project** is a 3-8 week effort during which the findings of the assessment are more thoroughly diagnosed. Clarkston Consulting has developed a set of standard deliverables and templates to execute this project as efficiently as possible. The result of this effort is a prioritized list of initiatives that will better align relationships with the required complexity of the organization. These initiatives are assessed for their impact on the entire organization in order to avoid undesired side effects.

The HOM approach will suggest areas of improvement with clear directions. The initiatives are typically characterized by the relationship or entity that they affect, as well as the 'direction' that the effort should take:

- “Sophisticate” – add complexity
- “Simplify” – reduce complexity
- “Refine” – add consistency

To facilitate and accelerate the process of proposing suitable initiatives that add value and address the issues at hand, Clarkston Consulting has developed an initiatives catalog that lists potential initiatives derived from Clarkston's Services and Standard approaches (e.g. balanced scorecard, 6-sigma, and many others). The catalog serves merely as one input to support the diagnostics project. However, starting with a list of potential initiatives that are geared towards the targeted area funnels the thought process and helps to focus the thinking.



HOM in practice – clear results

When all of the relationships are aligned, the organization itself is consistent. If the degree of complexity then aligns with the complexity requirements of the environment, the organization functions most efficiently. The HOM provides a first assessment and clear visualization of this alignment.

The HOM framework and approach give companies a tool to quickly identify opportunities for eliminating deficiencies and increasing business value. Clarkston Consulting also provides a clear process to develop, plan, and execute related initiatives in an extremely efficient manner. As a result, your organization will be better positioned to compete by:

- Providing improved service for your customers.
- Developing and delivering the products that consumers or patients actually need and want.
- Interacting more effectively with suppliers.
- Proactively complying with marketplace regulations.
- Collaborating better with employees and business partners.
- Positioning the organization better in relation to the competition.

Client success story – efficient post merger integration

Our client, a large generics pharmaceutical company, sought to expand beyond its purely North American market to become a major global generics company by purchasing another (much larger) company. The selling company, wanting to concentrate on branded pharmaceuticals, agreed to sell all of its generics businesses in more than 20 countries in Europe and Asia to our client. All of these businesses, including their IT systems, had to be completely separated from the selling company and operating under our client's ownership within one calendar year, under terms of a Transition Services Agreement (TSA).

Clarkston applied its Holistic Organization Model (HOM) to this mission critical situation. We led our client in quickly organizing and classifying the multiple problems within the HOM framework.

It soon became obvious that the global organization had a very simple organization, whereas some of the larger local organizations (countries) to be acquired had very complex organizations. In order to make these very inconsistent and disparate organizations work together efficiently, the team applied the findings from the HOM analysis and successfully completed the separation activities by the required deadline.

Benefits of Clarkston's HOM approach

- *Well defined step-by-step approach- translates the HOM model observations into meaningful actions, with realistic ROI potential.*
- *The HOM assessment tool delivers an instant assessment to create immediate awareness.*
- *The insights and visualization are powerful enough to drive awareness and generate executive interest.*
- *The diagnostics project is a well-defined approach, with clear deliverables, and defined templates with the sole purpose of delivering a prioritized initiatives list with clearly defined ROI potential.*
- *Clarkston's consultants are trained in the approach and work closely with your team to maximize the ROI potential and minimize the time to benefits.*

Interested in learning more?

Clarkston Consulting has used the HOM to provide accurate, valuable assessments and propose highly viable improvement initiatives at companies just like yours. From global project organizations in support of global M&A initiatives, to the design of a highly efficient supply chain organization, we have successfully executed the HOM at world-class organizations.

Contact DeShelia Spann at dspann@clarkstonconsulting.com or 800-652-4274 for a copy of The Holistic Organization Model paper and to schedule a discussion.



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About Clarkston Consulting

Clarkston Consulting is a different kind of management and technology consulting firm. We deliver a unique experience for market leaders within the Consumer Products and Life Sciences industries. Considering professionalism, expertise, and value as prerequisites, we take service a step further through our unyielding commitment to the success of people as individuals, both our clients and our employees. By combining integrity, adaptability, and a whatever-it-takes attitude, we have achieved an extremely high rate of referral and repeat business and a 7-year average client satisfaction rate of 97%.