



# From Agility by Necessity to Agility by Design: Learning from the COVID- 19 Crisis

## USC CEO

- Chris Worley
- Sue Mohrman
- Beth Gunderson

*with*

## BASF

- Kathy Zarr
- Andy O'Connor

## Humana

- Jeanna Kozak

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**Sue Mohrman** is a Senior Research Scientist at the Center for Effective Organizations in the Marshall School of Business at the University of Southern California. She is widely known for her research in the area of organization design and effectiveness and on large-scale change. She has focused on the design of knowledge-based firms and knowledge creating systems and complex laterally linked organizations. Most recently, she has been focusing on the design of complex collaborations to foster sustainability. She also examines the research process itself, and how to create academic/company partnerships to yield useful knowledge.

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**Chris Worley** is a Senior Research Scientist at the Center for Effective Organizations at the Marshall School of Business at the University of Southern California. He is a recognized leader in the field of organization development. He is also a Research Professor of Management at Pepperdine University's Graziadio School of Business. The primary focus of his efforts has been on strategy formulation and implementation, organization design, and the longitudinal evaluation of strategic change.

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**Beth Gunderson** is an Executive Fellow at the Center for Effective Organizations in the Marshall School of Business at the University of Southern California. She is a faculty member in their Strategic Organization Design and Adapting to Disruption Workshops. She is also the Founder of Minikahda Partners, an organization and talent architecture firm specializing in organization design and enterprise transformation initiatives. Most recently Beth was an Organization Capabilities executive at General Mills.



**Andrew (Andy) O'Connor**, Director of Digital Development at BASF North America. He has over 20 years of senior leadership experience working in the Chemical Industry in various Supply Chain, Strategy, and Customer centric roles. His experience includes global and regional supply chain operations, customer focused collaborations, mergers and acquisitions. While delegated to Ludwigshafen, Germany, BASF's global headquarters, Andy led the global supply chain strategy team and was subsequently appointed to lead the Digital Supply Chain work stream as part of the CEO sponsored project BASF 4.0. Here Andy and his team developed the Board approved vision for a global digital supply chain. Andy graduated from Bloomfield College earning dual Bachelor of Science degrees in Economics and Supply Chain Management. He earned his Master's in Management Science with a concentration in Business Planning from Stevens Institute of Technology. In addition, he completed the Executive Scholar Program from The Kellogg School of Management.

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**Kathryn (Kathy) Zarr**, Manager of Digital Development, she is a member of the Digital Development Team in North America and reports to Andy O'Connor, Director of Digital Development. The Digital Development Team builds digital capabilities (both technical and cultural) that enables the businesses and functions to disrupt themselves to win in the marketplace. Kathy joined BASF in September 2009 as the Head of Organization Development for BASF North America and as Head of the Organization Development and Change Center of Excellence. In this role, Kathy and her team partnered with the businesses and functions on the implementation of the NA 2020 strategy - cross-business industry and customer teams, the innovation team and operational excellence. She and her team also partnered on the implementation of the Strategy 2025 – strategic customer networks and customer facing Operational Excellence. Prior to joining BASF, Kathy worked in the financial services technology industry as a Director of Leadership and Talent Development for Fiserv and Metavante (now FIS) where she was responsible for talent and leadership development, technical education, project management, business process improvement and service excellence programs. She graduated from the University of Wisconsin – Milwaukee with a Bachelor of Science in Education – Math and Science and received a Master of Science in Management from Cardinal Stritch University. She holds certificates in organization design, change management, and various leadership assessment programs.

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**Jeanna Kozak**, as a Principal in organization effectiveness at Humana, she leads enterprise level organization design and transformation projects, and supports business leaders and business partners building capability in organization design. She has extensive experience designing and scaling operating models, rolling out new products, services, and technologies and also had the privilege of spending several years on a global team, creating a consistent platform and client experience over many countries. Her primary industry experience is healthcare and telecommunications. Prior to joining **Humana**, Jeanna was most recently with PwC for nearly ten years in the finance center of excellence, leading change, design, and transformation projects to ensure optimal returns on internal investments. Before joining PwC she held a variety of external consulting leadership roles with boutique firms leading strategic projects with Verizon, Sprint and AT&T. Jeanna has an undergraduate degree in finance and an MBA with a major in systems design from the University of Texas, and is also certified in organization design, change management, program management and several methodologies such as Six Sigma.



# Agenda

- Setting the Stage – *Sue Mohrman*
- Framework Overview – *Chris Worley*
- Case Studies
  - BASF - *Kathy Zarr and Andy O'Connor*
  - Humana - *Jeanna Kozak*
  - Integrating Wrap-Up – *Chris Worley*
- Open Q&A

# The COVID-19 disruption happened amidst a range of issues



- Geo-political uncertainty – regionalization was already occurring
- Heightened societal concern about the growing wealth gap,
- Threat to organizations and society from global warming was approaching crisis proportions
- Increasing societal attention to issues of diversity and inclusion, equity and social justice and – voices advocating for fundamental change in these areas
- Inexorable trajectory of digitalization of organizations and society – changing the way we work and live and raising fundamental values questions for society
- Polarization and politicization of these issues—within organizations and across society

# Most organizations failed key tests of agility...



They weren't  
prepared

They were focused  
on operational  
over dynamic  
capabilities

- In short, they were choosing (and being encouraged to implement) efficiency, short-term-ism, and hierarchical control
- When COVID-19 hit, organizations were forced to act quickly (agility by necessity) and could not act quickly by design



## STEP 1

### Key Questions

- What have we learned - what worked that we should keep/build on?
- Where do we need to “invest in inefficiency?”

### Approaches

- Use small core network (project team) to collect, group, and rapidly provide and feed learnings into the system
- Leverage (digital) technologies to gather data
- Monitor the “experiments” & “tests” – which ones are working and why?

## STEP 2

### Key Questions

- How do we build on the learnings & go forward?
- What major capability development focuses will we sponsor?

### Approaches

- Leadership team assesses opportunities against strategy, constraints, and ecosystem value through broad participation and socialization
- Determine agility-friendly design criteria and major capability development focuses
- Develop and debate short-term and long-term scenarios

## STEP 3

### Key Questions

- How will we assure rapid action in high impact areas?
- How will we ensure integration and coordination?

### Approaches

- LT/Steering Committee builds governance and action infrastructure
- Create rapid action project team structures
- Orchestrate organization design and change processes, integrate and implement



# BASF in North America - Agile by Design

 **BASF**  
We create chemistry

Who we are  
BASF products

We create chemistry for  
a sustainable future



Chemicals



Surface  
Technologies

Industrial  
Solutions



Agricultural  
Solutions



Materials



Human  
Nutrition



# Transforming into an agile and customer-focused organization



*What was in place that enabled BASF to respond quickly and agilely to the Covid-19 restrictions?*

## Guiding principles

- Empowerment
- Differentiation
- Simplification

## Action fields

-  Embedding to bring services closer to customers
-  Functions and headquarters with streamlined back-end organization
-  Regions with sharpened roles to increase customer focus
-  Process landscape simplified
-  People working in an entrepreneurial performance culture



We create chemistry

# Humana

## Where we were – the way we work

- 2/3 associates work/geography independent
- Early on with collaboration tools in scope and application
- Way we work mostly in horseless carriage phase

## What we've accomplished

- All associates work/geography independent except care roles
- Acceleration of technology upgrades in play
- Achieved business as usual, with additional responsibilities and distractions due to good foundation

## Where we were – business

- Large investments in virtual health, experience (single health record, coordinated care, outcomes), platform and innovation (incubator)
- Slow progress: provider parity in payments, regulations limiting virtual to rural use
- Investment in organizational agile transformation capability

## Where we are now - business

- Overwhelmingly favorable feedback on telehealth, even delivered less than optimally.
- More broad support for growth in virtual health among all stakeholders and waived regulations
- May be at a tipping point regarding work/geography
- Likely fewer insured due to unemployment plus waived costs specific to COVID, and costs of delayed care

## Opportunities

- Incredible options in virtual care delivery – screening, care teams, experience, devices
- Clearer priorities i.e. working on enabling distance
- Continue progress: cloud, security, infrastructure (HIPAA)

## Agility by design

- Realization and progress around designing work to be digital first and the implications for decision making.
- Sort out the agile leaders and bad followers via forensic analysis
- Provider relationships and enablement, continued application of analytics



**Thank you for joining us today !**

# Upcoming Offering



## ***Virtual Strategic Organization Design Workshop*** **September 21 – October 30, 2020**

Two 90-minute sessions per week for 6 weeks,  
with application work in between

- Course will cover the core tools, methodologies, and principles of our organization design framework
- Will include some specific framing around the redesign challenges as organizations emerge from COVID-19
- Participants will be encouraged to apply the frameworks to “live” or expected situations at work
- Teams are encouraged to attend and work on their company’s issues
- Appropriate for cross-functional change and redesign leaders

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