



McKinsey&Company

Launching the Thailand Organizational Health Index

Proposal document

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TLCA and McKinsey are partnering to launch the National Organizational Health Index

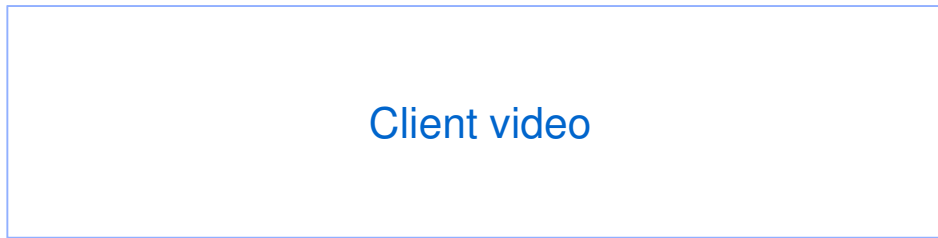
Launching



The approach

- Co-launch of the National Organizational Health Index (OHI) by TLCA and McKinsey & Company
- Offer the OHI and joint follow-up to member companies for an accessible rate
- Improve Thai company competitiveness and foster sustainable growth
 - Micro- getting into action on distilled individual company and common priority areas
 - Macro- jointly build and broadcast aggregated Thailand results to members and beyond to maintain focus on national priorities

Some of the TLCA linked leaders have gone ahead- see here how this has helped them



Contents of this document



1. Gain deeper perspective on the OHI



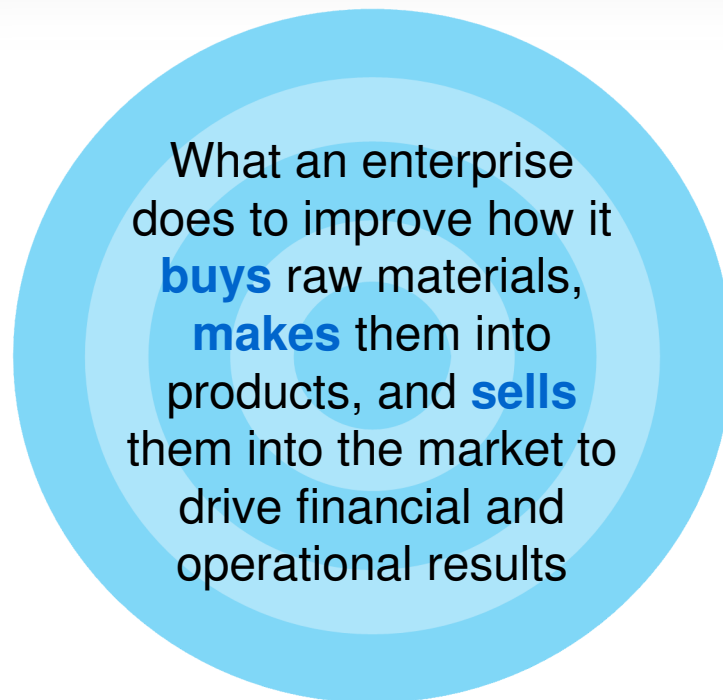
2. Understand the end products – individual company report and multi-company workshop



3. Align on the process for setup and understand the exact items we need from you

To sustain growth over time, organizations need to manage performance AND health with equal rigor

Performance



Health



What is Organizational Health?

What it is

Organizational Health is the ability of an organization to

- Align behind common goals, strategy, and culture
- Execute with excellence to meet them
- Innovate and adapt to change

What it means

In healthy companies, employees

- Know where the organization is going and how they contribute
- Have the tools, capabilities, and motivation to execute
- Are empowered to innovate and change

Why it matters

Healthy organizations deliver superior financial and operating performance over both the short- and long term

Organizations that focus on health outperform their peers at every level



Across Industries

Healthy companies, regardless of industry, outperform the stock market¹ by

3X



Across Companies

Companies that build organizational health showed

9%

increase in EBITA in one year²



Within Companies

Up to

50%

of the variation in performance across units is explained by health level

¹ Represents 9 year average Total Return to Shareholders (TRS) for healthy companies vs. unhealthy companies across McKinsey's database

² Based on re-survey data, companies with "Moderate", "Strong", and "Very Strong" recipe alignment

We've been measuring health for 10 years and have found a way to predict performance through management best practices



1000+
companies



2m+
Employees surveyed



98 questions



20 minutes

The Organizational Health Index (OHI) predicts an organization's capacity to perform in the long-term and equips leaders with both facts and proven health programs for success

1

overall score



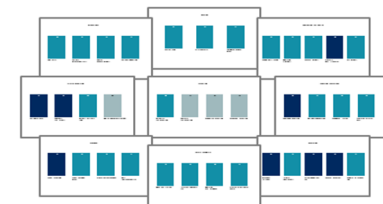
9

outcomes



37

manager activities/
practices



Outcomes measure the “soft” and “hard” building blocks of the organizational ecosystem

Measures what’s working/not working



Align

Are people aligned around the organization’s vision, strategy, culture and values?

Execute

Can employees deliver on their roles with the current capabilities, processes and motivation level?

Innovate/adapt to change

How does the organization understand, interact, respond, and adapt to its situation and external environment?

Practices, offer tactical insights by looking at the behaviors, actions and processes that create these building blocks

Measures frequency, from “often” to “rarely”

Direction

1. Shared Vision
2. Strategic Clarity
3. Employee Involvement

Accountability

12. Role Clarity
13. Performance Contracts
14. Consequence Management
15. Personal Ownership

Motivation

25. Meaningful Values
26. Inspirational Leaders
27. Career Opportunities
28. Financial Incentives
29. Rewards & Recognition

Leadership

4. Authoritative Leadership
5. Consultative Leadership
6. Supportive Leadership
7. Challenging Leadership

Coordination & Control

16. People Performance Review
17. Operational Management
18. Financial Management
19. Professional standards
20. Risk Management

Innovation & Learning

30. Top-Down Innovation
31. Bottom-Up Innovation
32. Knowledge Sharing
33. Capturing External Ideas

Culture & Climate

8. Open and Trusting
9. Internally Competitive
10. Operationally Disciplined
11. Creative & Entrepreneurial

Capabilities

21. Talent Acquisition
22. Talent Development
23. Process Based Capabilities
24. Outsourced Expertise

External Orientation

34. Customer Focus
35. Competitor Insights
36. Business Partnerships
37. Gov't & Community Relations

Measuring Organizational Health provides a view into what your leaders and managers are doing and how effectively they do it

ILLUSTRATIVE

Outcomes

How effective are you at motivating employees?

Management practices

What are you doing to drive motivation/what might you need to fix?

Sample questions

How frequently do employees observe specific behaviors or processes?

Motivation

Meaningful Values

Inspirational Leaders

Career Opportunities

Financial Incentives

Rewards & Recognition

- Senior Leaders clearly communicate a set of values that are personally meaningful to colleagues
- Managers provide praise, thanks or other forms of recognition
- My company offers top performers the most attractive career opportunities within the company
- My company provides attractive financial incentive to motivate colleagues
- My company rewards high performance with interesting opportunities or additional responsibilities

The four recipes of Organizational Health reflect different core beliefs that permeate every aspect of the way a company operates

Recipes

Core beliefs



Leadership Factory

- Inspirational leaders act as a performance catalyst. They set high expectations and help the organization achieve them



Market Shaper

- Shaping market trends and building a portfolio of solid, innovative brands keeps us ahead of the competition



Continuous Improvement Engine

- We leverage our people and know-how at all levels of the organization to outperform the competition through superior execution and continuous improvement



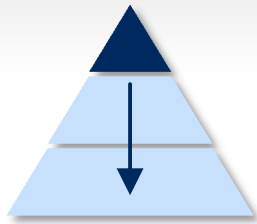
Talent and Knowledge Core

- Our collective talent and knowledge is our most important asset – our success depends on us developing this effectively

Though aspects of each recipe sound “appealing” to every company, an recipe reflects the true nature of the company; the underlying core that makes the company what it is and guides daily decisions

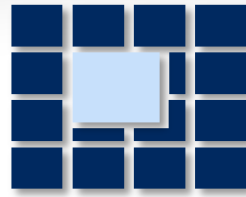
Health recipes provide guidance on priority practices to help bring a sharper, data-driven focus to action

Top 10 practices for each recipe



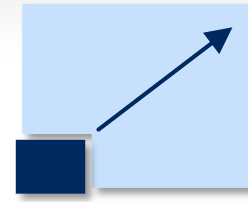
Leadership Factory

- 1 Career opportunities
- 2 Inspirational leaders
- 3 Open & trusting
- 4 Financial incentives
- 5 Risk management
- 6 Consequence management
- 7 People performance review
- 8 Strategic clarity
- 9 Operationally disciplined
- 10 Financial management



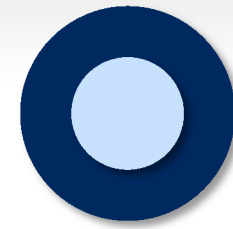
Market Shaper

- Customer focus
- Competitor insights
- Business partnerships
- Financial management
- Gov/community relationships
- Capturing external ideas
- Strategic clarity
- Process-based capabilities
- Shared vision
- Operationally disciplined



Continuous Improvement Engine

- Knowledge sharing
- Employee involvement
- Creative & Entrepreneurial
- Bottom-up innovation
- Talent Development
- Internally competitive
- Personal ownership
- Consequence management
- Capturing external ideas
- Meaningful values



Talent and Knowledge Core

- Rewards & recognition
- Talent acquisition
- Financial incentives
- Career opportunities
- Personal ownership
- People performance review
- Consequence management
- Process-based capabilities
- Top-down innovation
- Knowledge sharing

Contents of this document



1. Gain deeper perspective on the OHI



2. Understand the end products – individual company report and multi-company workshop



3. Align on the process for setup and understand the exact items we need from you

We collect Organizational Health data via the Organizational Health Index (OHI) survey instrument

Organizational Health Index

1. Online OHI survey

- Best practice assessment of Organizational Health
- 98 questions
- ~20 minutes to compete

2. Information cut by demographic

- Tenure
- Level
- Function
- Gender

3. Results comparison to benchmarks

- Global
- Thailand
- Industry

ORGANIZATIONAL HEALTH INDEX

Demographics | Alignment | Execution | Renewal | Values | Comments

[Click here to resume later](#)

The following statements relate to your perceptions of the level of **innovation and change** in this company.

Please indicate how often ABC Company engages in the following activities.

| | Never | Seldom | Sometimes | Often | Always | Don't know or N/A |
|---|-----------------------|-----------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|
| Senior management devotes sufficient attention to thinking about how ABC Company can do things differently | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| Senior management meets regularly to surface new improvement ideas | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| ABC Company's senior management uses the corporate functions to further develop major improvement ideas/initiatives | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| ABC Company has clear processes and systems for employees to contribute improvement ideas | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Employees participate in improvement activities | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| ABC Company provides incentives for employees to develop and implement improvement ideas | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| ABC Company holds events to share knowledge and ideas across the organisation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Management encourages different parts of ABC Company to work together to make improvements | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| ABC Company's systems and processes facilitate cross-functional initiatives | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| ABC Company uses external contacts to maximise the flow of ideas into ABC Company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| ABC Company imports 'best practices' from other companies and industries | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| ABC Company creates active networks with leading academics/consultants to bring new ideas into ABC Company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

0% 25% 50% 75% 100%

<< >>

1 You will receive a report with data and insights about how healthy you are, what is driving health and how you can improve

Example pages to follow

Understand the health of your organization



INTERPRETATION GUIDE

- Guidance on how to read the numbers, legends/colors and how to gain insight from them



HEALTH SCORE

- Overall health score is best predictor of company's current and long term performance



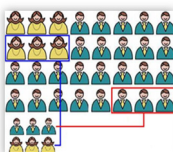
OUTCOME PROFILE

- Profile of your potential strengths and things to improve compared to global benchmarks



OUTCOME BENCHMARK

- Benchmarking of outcome scores to geographic and industry peers



DEMOGRAPHICS

- Outcome results split by key demographic groups – Tenure, Level, Function and Gender

Focus on what is driving your health and how you can improve



FULL PRACTICE PROFILE

- Understand comprehensively what's driving health at your company through scores and benchmarking of 37 management practices



RECIPE ANALYSIS

- Learn what are the recipes to organizational and how you compare to them

| Practice | Score | Target |
|------------------------|-------|--------|
| Strategic Alignment | 85 | 90 |
| Operational Excellence | 78 | 85 |
| Customer Centricity | 92 | 95 |
| Human Capital | 88 | 92 |
| Financial Performance | 95 | 98 |
| ESG & Sustainability | 80 | 85 |
| Overall Health | 82 | 88 |

PRIORITY PRACTICES

- Focus on shortlisted practices to complement your strategic, industry and leadership aspirations



1 Example: Interpretation Guide

What the report includes

OHI score: How healthy are you?



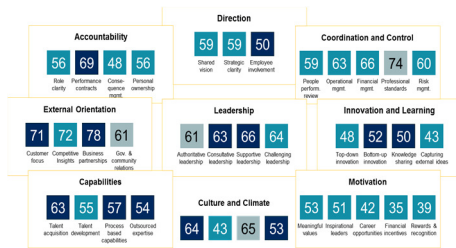
OHI score indicates whether or not your organization is healthy

9 Outcomes: How effective are you?



Outcomes scores indicate how well the organization delivers on 9 dimensions of Organizational Health or how effective it is

37 practices: What is driving health?

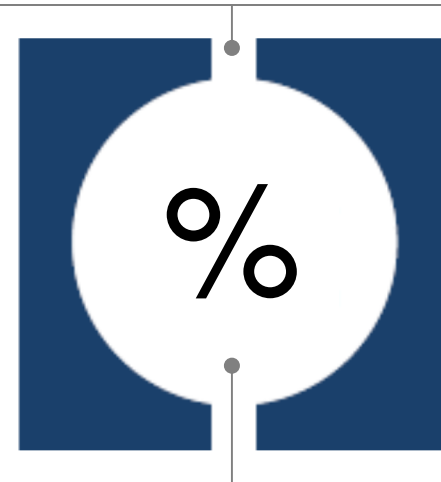


Management Practices measure the Day-to-Day Behaviors that drive Organizational Health

■ Top Quartile ■ Second Quartile □ Third Quartile ■ Fourth Quartile

What the numbers and colouring means

Colour indicates score relative to other organisations in our database



Scale indicates % of respondents who selected “agree / strongly agree” in case of outcomes and “often/almost always” in case of practices

Note
Each outcome/practice is benchmarked independently. In other words, a 60% score on one is different to a 60% score on another, and may well score in a different quartile

1 Example: Interpretation Guide

OHI practice labels and descriptions (1/2)

| Outcome | Practice | Description |
|------------------------|--------------------------------|--|
| Direction | 1. Shared vision | 1. Setting the direction by creating and communicating a compelling, vivid image of what the future will look like |
| | 2. Strategic clarity | 2. Articulating a clear direction and strategy for winning, and translating it into specific goals and targets |
| | 3. Employee involvement | 3. Engaging employees in dialogue on the direction of the organization and discussing their part in making it happen |
| Leadership | 4. Authoritative leadership | 4. Leaders emphasize hierarchy and managerial pressure to get things done |
| | 5. Consultative leadership | 5. Leaders involve and empower employees through communication, consultation and delegation |
| | 6. Supportive leadership | 6. Leaders build a positive environment characterized by team harmony, support, and caring for employees' welfare |
| | 7. Challenging leadership | 7. Leaders encourage employees to take on tough challenges and do more than they thought was possible |
| Culture & climate | 8. Open and trusting | 8. Encouraging honesty, transparency and candid, open dialogue |
| | 9. Internally competitive | 9. Emphasizing results and achievement, with a healthy sense of internal competition to drive performance |
| | 10. Operationally disciplined | 10. Fostering clear behavioral and performance standards, with close monitoring of adherence to those standards |
| | 11. Creative & entrepreneurial | 11. Supporting innovation, creativity, and initiative-taking |
| Accountability | 12. Role clarity | 12. Driving accountability by creating a clear structure, roles and responsibilities |
| | 13. Performance contracts | 13. Driving accountability by creating clear objectives and formal, explicit performance targets |
| | 14. Consequence management | 14. Driving accountability by linking rewards and consequences to individual performance |
| | 15. Personal ownership | 15. Driving accountability by creating a sense of individual ownership and personal responsibility |
| Coordination & control | 16. People performance review | 16. Using formal performance assessments, feedback, and tracking to coordinate and control flows of talent |
| | 17. Operational management | 17. Focusing on operational KPIs, metrics and targets to monitor and manage business performance |
| | 18. Financial management | 18. Focusing on financial KPIs and the effective allocation and control of financial resources to monitor and manage performance |
| | 19. Professional standards | 19. Using clear standards, policies and rules to set behavioral expectations and enforce compliance |
| | 20. Risk management | 20. Identifying and mitigating anticipated risks, and responding rapidly to unexpected problems as they arise |

1 Example: Interpretation Guide

OHI practice labels and descriptions (2/2)

| Outcome | Practice | Description |
|-----------------------|--|--|
| Capabilities | 21. Talent acquisition | 21. Hiring the right talent |
| | 22. Talent development | 22. Developing employees' knowledge and skills |
| | 23. Process based capabilities | 23. Embedding capabilities and 'know-how' through codified methods and procedures (e.g., training manuals, SOPs) |
| | 24. Outsourced expertise | 24. Using external resources to fill capability gaps (e.g., consultants, vendors, business partners) |
| Motivation | 25. Meaningful values | 25. Appealing to compelling and personally meaningful values to motivate employees |
| | 26. Inspirational leaders | 26. Inspiring employees through encouragement, guidance and recognition |
| | 27. Career opportunities | 27. Providing career and development opportunities to motivate employees |
| | 28. Financial incentives | 28. Using performance-related financial rewards to motivate employees |
| | 29. Rewards and recognition | 29. Providing non-financial rewards and recognition to encourage high performance |
| External orientation | 30. Customer focus | 30. Understanding customers and responding to their needs |
| | 31. Competitive insights | 31. Acquiring and using information about competitors to inform business decisions |
| | 32. Business partnerships | 32. Building and maintaining a network of external business partners |
| | 33. Government and community relations | 33. Developing strong relationships with the public, local communities, government and regulatory agencies |
| Innovation & learning | 34. Top-down innovation | 34. Driving innovation and learning through high-priority initiatives sponsored by senior leaders |
| | 35. Bottom-up innovation | 35. Encouraging and rewarding employee participation in the development of new ideas and improvement initiatives |
| | 36. Knowledge sharing | 36. Enabling collaboration and knowledge sharing across the organization |
| | 37. Capturing external ideas | 37. Importing ideas and best practices from outside the organization |

1 Example: Outcome Profile

Benchmark | ■ Top Quartile ■ Second Quartile ■ Third Quartile ■ Bottom Quartile

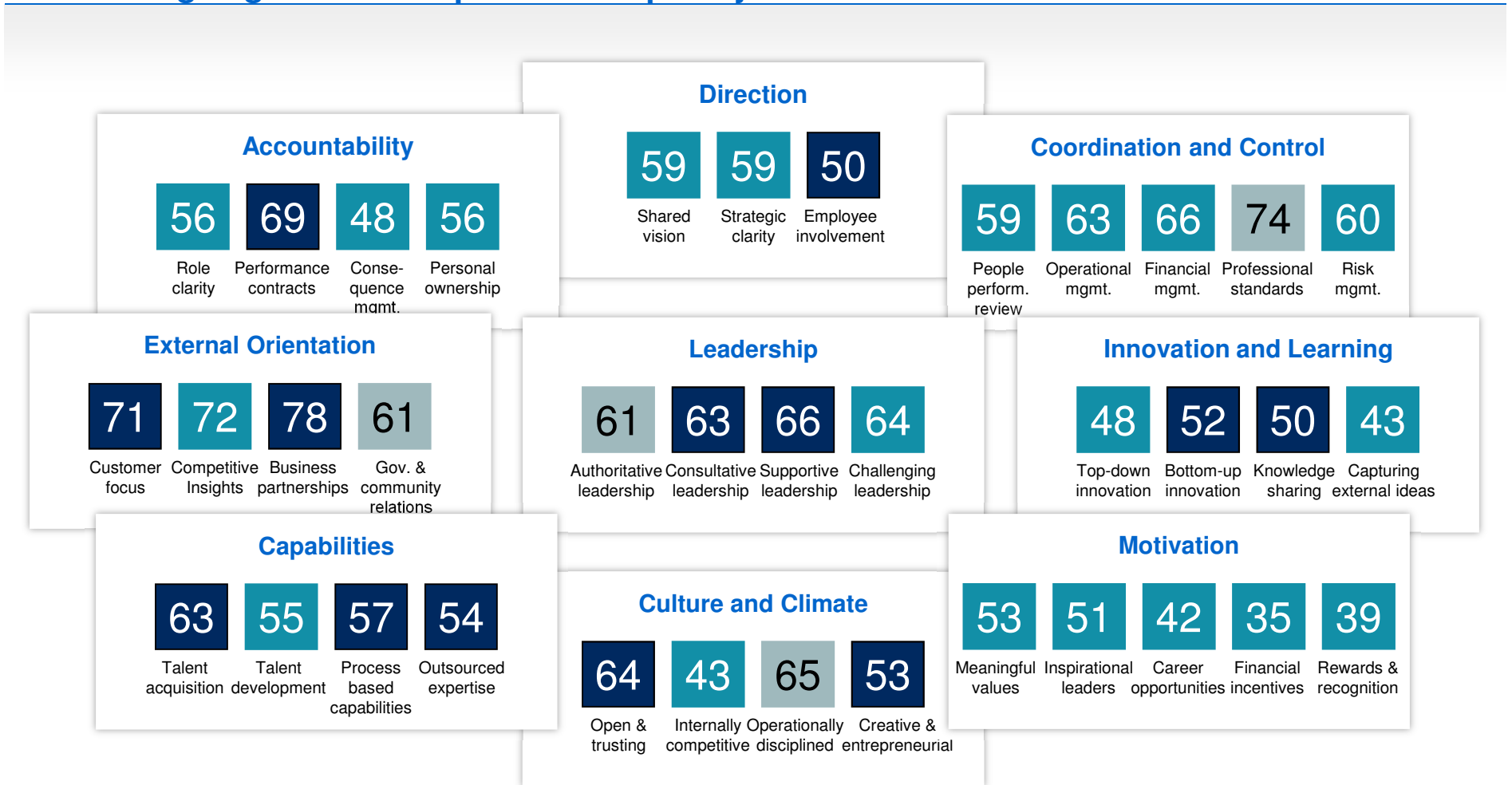
How well, and in what ways, does the organization...



1 Example: Practice Profile

Benchmark | ■ Top Quartile ■ Second Quartile ■ Third Quartile ■ Bottom Quartile

Percentage agreement on practice frequency



2 Example: Learn best practices for priority areas (1/2)

| Key elements | Effective (good) | Highly effective (great) |
|--|---|---|
| Link to core values of the organization | <ul style="list-style-type: none">Employee led innovation is part of the vision and mission of the organizationThe organization occasionally emphasizes the need to build an innovative culture within the organization, and takes steps to achieve this | <ul style="list-style-type: none">Employees recognize that bottom-up innovation is valued by the organization and is central to helping achieve its strategic objectivesThe culture supports an environment where employees are not afraid to try out radical ideas and explore creative opportunities |
| Continuous commitment | <ul style="list-style-type: none">Innovation is monitored and periodic C-level check-ins are conducted to sustain a rapid pace of development; progress on innovation is communicated to the entire organization | <ul style="list-style-type: none">Leaders personally check-in on the progress of innovation teams (including those at the frontlines) and departments and provide mentoring, as appropriate; progress is celebrated and incorporated into updates on business objectives |
| Dedicated time | <ul style="list-style-type: none">The organization has formal arrangement for employees to take a pre-determined amount of dedicated time to engage in innovation projects | <ul style="list-style-type: none">Leaders encourage employees to take advantage of “dedicated time” programs |

2 Example: Learn best practices for priority areas (2/2)

| Key elements | Effective (good) | Highly effective (great) |
|---|--|--|
| Resources | <ul style="list-style-type: none">▪ There is a database where employees have access to documents that can help them to innovate▪ There are online forums where employees can exchange ideas and form teams with like-minded individuals▪ The organization has online e-learning modules to equip employees with relevant skills to help them to develop their innovation ideas | <ul style="list-style-type: none">▪ The organization encourages in-person learning opportunities (e.g., apprenticeship) for employees to acquire new, relevant skills▪ There are teams dedicated to innovation “project management,” providing assistance and guidance to employees who embark on developing an innovative idea |
| Competition, rewards and recognition | <ul style="list-style-type: none">▪ Companies organize competitions to encourage creativity and internal competition▪ Competitions have clear guidelines, rules and regulations to help provide guidance and transparency to employees | <ul style="list-style-type: none">▪ A dedicated team is assigned to help innovators with the process, providing them with the necessary help and resources▪ Recognition is not temporary, rather, there are formal structures for innovators to further develop their ideas |

2 Example: Explore possible interventions to improve your priority practices

Practice description

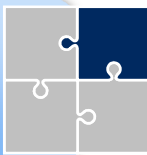
- Encouraging and rewarding employee participation in the development of new ideas and improvement initiatives

OHI questions

- The company has clear processes and systems for employees to contribute improvement ideas
- Employees participate in improvement activities

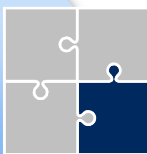
Ways to improve this practice

Compelling story



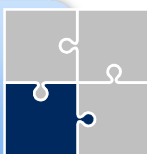
- Create a library of celebrated cases where employee contributions have led to success – mention these stories during regular communications and meetings
- Set aside team meeting time for an activity giving participants an opportunity to see how bottom-up innovation can lead to success (e.g., a lean operations game, sharing experiences)

Reinforcement mechanisms



- Create innovation teams where employees from different functions/departments would meet to discuss ways to tackle priority performance/health issues
- Add an “innovation moment” to all-hands meetings to surface new ideas related to the most pressing issues of the day
- Create an innovator reward to give to employees who come up with great ideas

Skills required for change



- Provide supplemental training on the organization problem solving approach so that all employees are thinking about innovation in a structured way
- Provide training on how to structure an improvement idea / concept and effectively communicate its business impact and potential

Role modeling



- Define a set of “big questions” that the department/business unit is struggling with and ask employees to help answer them
- Engage employees in discussions about how to solve problems that affect them
- Demonstrate importance of not only performance but also health through root cause analysis – identify underlying harmful mindsets and involve employees in shifting them

Contents of the document



1. Gain deeper perspective on the OHI




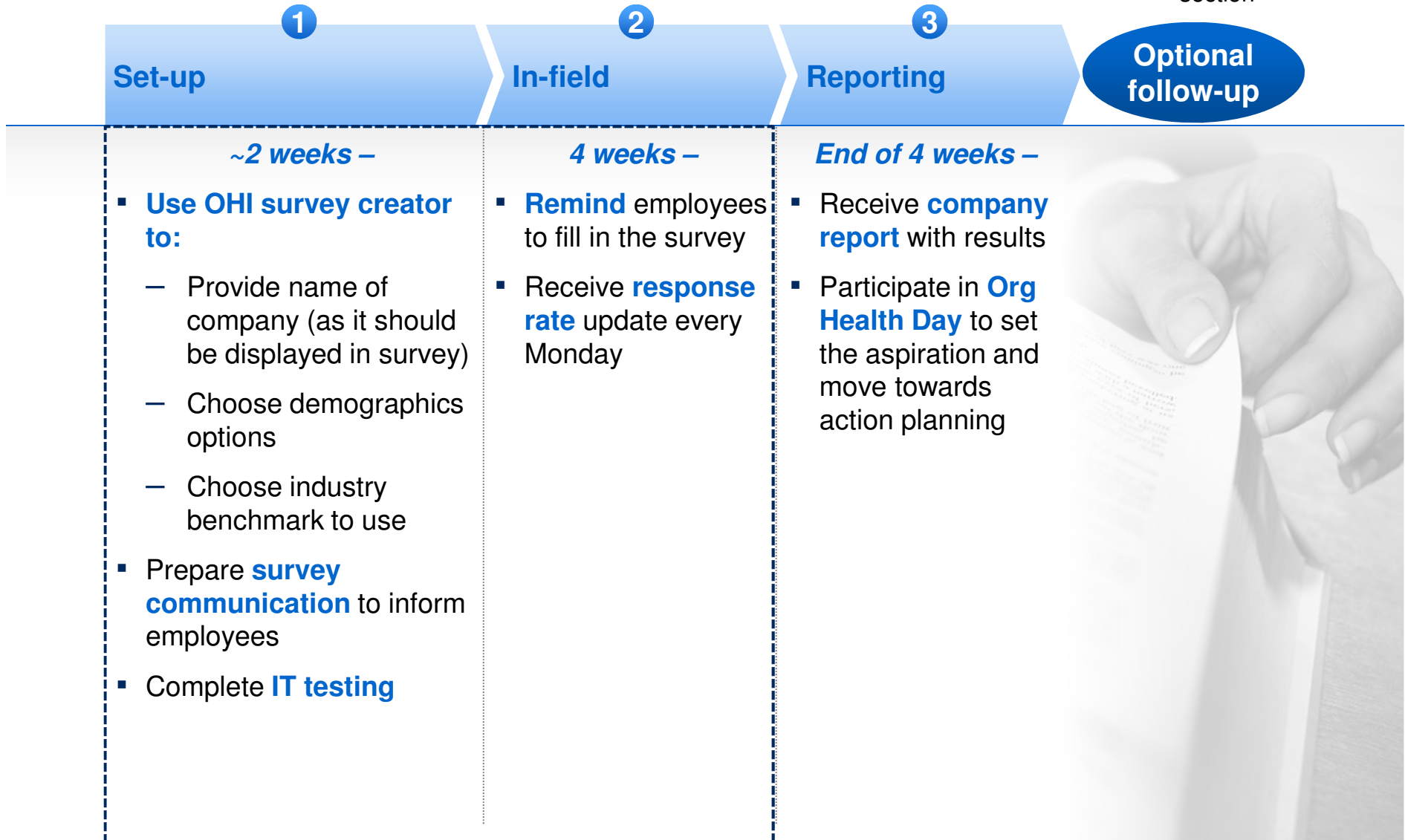
2. Understand the end products – individual company report and multi-company workshop



3. Align on the process for setup and understand the exact items we need from you

The OHI set-up process is easy and needs your input and cooperation to be successful

 Focus of this section



1 Use online OHI survey creator to easily provide information for survey setup

ILLUSTRATIVE



Welcome to McKinsey Organisational Health Index set up

If you want to create an OHI diagnostic, please click the link below:

[Set it up!](#)

Industry selection

2) Please select an Industry benchmark

- Automotive & Assembly
- Basic Materials
- Chemicals & Agriculture
- Commercial/Retail Banking
- Conglomerate
- Construction and engineering
- Consumer Packaged Goods
- Electric Power & Natural Gas
- High Tech
- Hospitals / Care providers
- Industrial Equipment
- Life Insurance
- Media & Entertainment
- Oil & Gas
- Pharmaceuticals
- Portfolio Management
- Property and Casualty (non-Life)
- Retail
- Telecom

Customized demographics

Tenure

- I want to use below options
 I want to customize the options and use the following

- Less than 1 year
- 1 to <3 years
- 3 to <6 years
- 6 to <11 years
- 11 to <20 years
- 20 years or more

| | |
|---|----------------------|
| | |
| 1 | <input type="text"/> |
| 2 | <input type="text"/> |
| 3 | <input type="text"/> |
| 4 | <input type="text"/> |
| 5 | <input type="text"/> |

1 Provide survey information

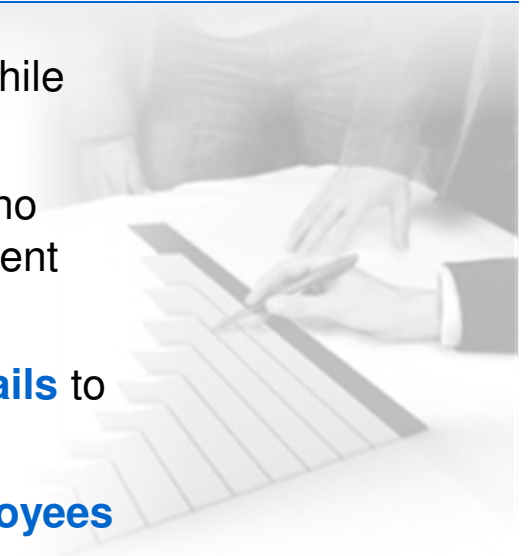
- **Share Organization/Company name** as it should appear on the survey. Please provide the name in English and Thai
- Use default **demographics options or customize them** according to your organization
- Pick the **one industry benchmark** that you want to be benchmarked against. If you have presence in multiple industries in a significant way, please choose conglomerate benchmark
- Ensure **compliance to OHI IT server requirements** and test the OHI link with 5 employees in the company
- Prepare **communication email** that will go along with the survey invitation link

Tips and tricks

- Testing the access to our survey website before launching the survey is critical because sometimes the survey website is blocked by IT policies
- COMMUNICATION IS KEY – Employees should understand the purpose and process for the survey so they answer questions appropriately
- For demographics options, ensure they are a) easy to understand for employees and do not overlap and b) choose answer options in a way that we avoid small cells (employees don't feel answering when category has very few employees)

2 Remind employees to fill in the survey and use response rate update for targeted follow up with groups

- We will provide you a **response rate update once every Monday** while the survey is live
- The response rate update will give you total number of employees who have completed the survey at the overall company level and by different demographics included in the survey
- You can use this update to decide on the frequency of **reminder emails** to be send out to employees to fill in the survey
- The target should be to **get a minimum 50 percent of invited employees to participate**



Tips and tricks

- Encourage employees to dedicate time for the survey
- Follow up after sending the initial survey invite to ensure maximum participation
- You should send at least 3-4 reminder mails and ensure the department heads/managers provide time and encourage participation
- The response rate update will help plan targeted follow up with groups with low participation



McKinsey&Company

If you want to learn more about your health, please contact

Liesje Meijknecht
Leader McKinsey OrgSolutions APAC

liesje_meijknecht@mckinsey.com

And initiate the Organizational Health Index for your organization

