Conducting an Organizational Audit  
Background and Guiding Questions

A comprehensive organizational audit is a major undertaking. Typically, you will be attempting a more modest assessment such as looking at how a particular committee functions, how an organization makes certain types of decisions, or perhaps how various groups interrelate. Having a clear conceptual framework and identifying specific areas of inquiry helps make the process more reasonable and manageable. The following material is meant to help you decide what emphases your "audit" might address and provides some initial questions to help shape the process. Michael W. Duttweiler, January 1995

I. **General Areas of Inquiry**  Weisbord (1989) provided a framework for organizational diagnosis that might be a useful if you are starting from a general sense that "things could be better". Six areas of inquiry are divided into the formal system (work to be done) and the informal system (how things actually work) as follows:

<table>
<thead>
<tr>
<th>Clarity of Purpose: Do we all know what business we are in?</th>
<th>Formal System</th>
<th>Informal System</th>
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<tbody>
<tr>
<td>Goal clarity.</td>
<td>Goal agreement.</td>
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<th>Structure: How do we divide up the work?</th>
<th>Formal structures.</th>
<th>How work actually is and isn't done.</th>
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<tbody>
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<td>Who deals with whom relative to what?</td>
<td>Quality of relations.</td>
<td>How well is conflict handled?</td>
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<th>Relationships: How do we interrelate? Manage conflict?</th>
<th>What are the explicit rewards?</th>
<th>Implicit rewards? How do people feel about the payoffs?</th>
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<th>Rewards: Do all needed tasks have incentives?</th>
<th>What do &quot;top people&quot; manage?</th>
<th>How is leadership carried out? What are the usual management styles?</th>
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<td>Who deals with whom relative to what?</td>
<td>What systems are in use?</td>
<td>How is leadership carried out? What are the usual management styles?</td>
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<th>Leadership: Does someone keep the system in balance?</th>
<th>Communications process.</th>
<th>How do things really work? Are systems subverted?</th>
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<td>Planning. Control, etc.</td>
<td>How do things really work? Are systems subverted?</td>
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| Helpful mechanisms: How do we support the overall organization? |
|---------------------------------------------------------------|---------------------------|
| Communications process. Planning. Control, etc.               | How do things really work? Are systems subverted? |

II. **Decision Audits** In many cases, a specific concern regarding quality of decisions made by one or more components of the organization prompts interest in some form of organization audit. The "audit" may take the form of tracking example decisions to see what groups were involved and whether or not they made unique input to the decision. The focus is on assessing efficiency and clarity of roles. A more comprehensive assessment would look at decisionmaking processes and quality of decisions made in detail. There are MANY models for decision analysis often including sophisticated modeling. Presented here are some simple evaluative criteria that might form the basis for a self assessment process.

**Criteria Describing Effective Decisions**

1. The resources of relevant organizational members are fully utilized.
2. Time is used well.
3. The decision is correct or of high quality.
4. The decision is implemented fully by all the required organizational members.
5. The problem-solving ability of the organization is enhanced, or at least not lessened.


**Criteria Describing Effective Decision Processes**

1. Thorough analysis of objectives.
2. Thorough canvass of alternatives.
4. Search for new information.
5. Assimilation of new information in an unbiased way.
7. Thorough planning for contingencies.


**Symptoms of Defective Decisionmaking** These directly parallel the criteria of effective processes.

1. Incomplete survey of alternatives.
2. Incomplete survey of objectives.
3. Failure to examine risks of preferred choice.
4. Failure to reappraise initially rejected alternatives.
5. Poor information search.
6. Selective bias in processing information at hand.
7. Failure to work out contingency plans.

Symptoms of "Group Think" (Group think is the tendency of a group to develop a uniform, noncritical thought that results in poor decisions. Factors such as group isolation, homogeneity of group members, a pattern of "going through the motions" rather than active decisionmaking, threats from other groups, and loss of self-esteem can prompt group think.)

Type I -- Overestimation of the Group
1. Illusion of invulnerability.
2. Belief in inherent morality of the group.

Type II -- Closed-mindedness
3. Collective rationalizations.
4. Stereotypes of out-groups.

Type III -- Pressures toward uniformity.
5. Self-censorship.
6. Illusion of unanimity.
7. Direct pressure on dissenters.
8. Self-appointed mindguards (protect the group from disturbing info).

Constraints on Reflective Problem-Solving

Cognitive constraints
1. Time limitations.
2. Fatigue.
3. Limited and/or costly info resources.
4. Multiple tasks.
5. Complexity of issues.

Emotive constraints
8. Stress associated with decision.
9. Attraction/repulsion
10. Anger/retaliation

Affiliative constraints
   Need to maintain:
14. Social support.

Practices that Prevent "Group Think"

1. Impartial leadership.
2. Critical evaluator role for each member.
3. Introduce a devil's advocate.
4. Divide into two subgroups.
5. Survey rival's warning signals.
   continues
6. Hold "second chance" meetings.
7. Outsiders invited to challenge conclusions.
8. Members discuss with own associates and report back.
9. Establish several independent policy-making groups.
10. Build up confidence in a multiple advocacy approach for solving problems.


III. Group Effectiveness Sometimes your interest will be as specific as the effectiveness of a particular subgroup within the organization. The framework need not be awesome. A simple outline follows.

Evaluation Standards for Small Groups

1. What is the group purpose? (clarity, relevance, agreement, distinctness, etc.)
2. What is the level of participation of each group member? (attendance, preparation, seeking and giving info, taking assignments, listening, assisting the group, etc.)
3. How effective is group leadership? (preparation, meeting conduct, involvement, conflict management, delegation, summarization, relationships, task orientation, etc.)
4. Characteristics associated with adequate or satisfactory performance by the group.
   a. understanding of charge and goals
   b. completion of assignments in timely manner
   c. information seeking from appropriate sources
   d. follows prescribed agenda
   e. interacts effectively
   f. promotes good internal relations
   g. keeps accurate records of meetings
   h. responsive to appropriate direction from organization
   i. shows progress in meeting objectives
5. Specific assessment of how well the group is meeting objectives.
6. Specific assessment of areas of needed improvement and appropriate action plans.


IV. Quality Improvement Approaches Many corporations and nonprofit organizations have adopted approaches described as Total Quality Management, Quality Improvement, or more recently, Learning Organization practices, as a framework for self assessment and improving organizational effectiveness. While techniques vary, all involve a commitment to continuous improvement based in clarifying purpose and customers, systematically assessing processes and performance, making needed adjustments, and reassessing quality. The organization audit tools described above fit well in the framework of continuous quality improvement.

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