Seven Tips for Org. Design

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Seven Tips for Organizational Design

1) Take a stakeholder perspective
2) Develop a set of design principles with the Executive Group
3) Draw the business model first…
4) ...but don't over-analyze or over-organize
5) Strategic priorities should be represented in the organizational chart
6) Try to choose for a "Unit" set up
7) Ensure minimum requirements for managerial accountability and authority

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Tip #1

Regulators — Suppliers — Banks — Customers — Employees — Board — Shareholders

Take a stakeholder perspective

Ask, in order:
1. What do we know about stakeholders and how do we know it?
2. To what degree are they interconnected or sharing concerns?
3. What are the logical consequences?
4. How can we satisfy everyone?

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Tip #2

Outside In | Inside Out

Strategy & Goals

Tasks
Structure | **Profiles** | **Inputs**
Culture

Decision Making
Rewards

A resource based approach (inside out) would lead us to look at what we have or need and try to close gaps

Outside in would look first at the strtegy and redesign the structure as well as the competencies/people

What is the overall, driving goal of the Organization?

What are the goals of the XXX department?

What are the inputs needed for the expected outputs?

What are the tasks currently done? What other tasks need to be acomplished?

What is the most aligned structure given the constraints?

What is the influence of culture on our assumptions about what needs to be done and by whom?

Will we need new or different people and competencies? Upgrading? Re-tooling?

Is there any need to think outside the salary & bonus box? What will be the non-tangible rewards such as knowledge of results?

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Develop a set of design principles with the Executive Group

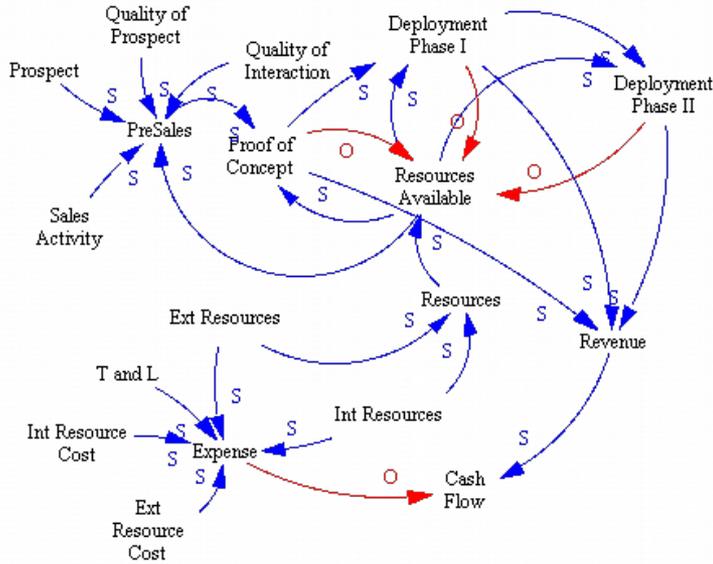What capabilities do we have or need to keep?

What else could we need?

Note: coming up with design principles keeps politics out of design choices

Note: this can help avoid debates about power and roles

Note: They form a helpful 'red thread' through design into implementation and helps you explain to the organization the "why's" of the change
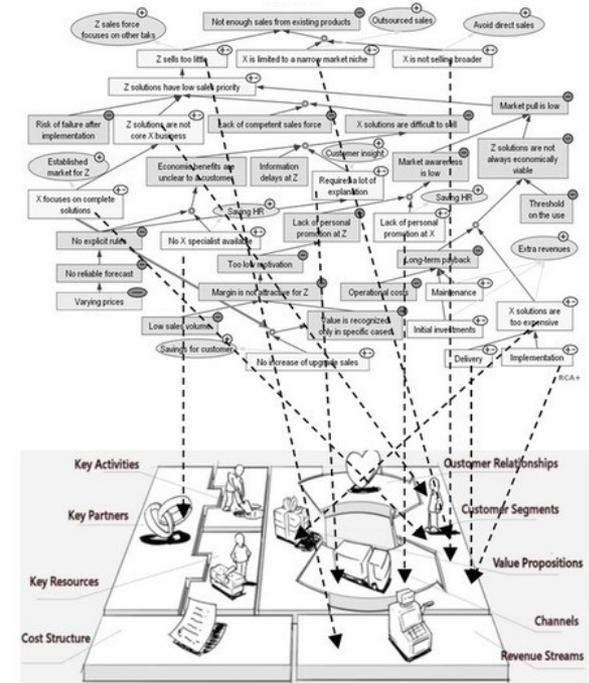
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Tips #3 & 4

Draw the business model first...

1. What do we know and how do we know it?
2. How is it all interconnected?
3. What are the consequences and pros-and-cons?
4. What impact does this have on people?

...but don't over-analyze or over-organize

Note: Allow people lower in the org. flexibility to design locally
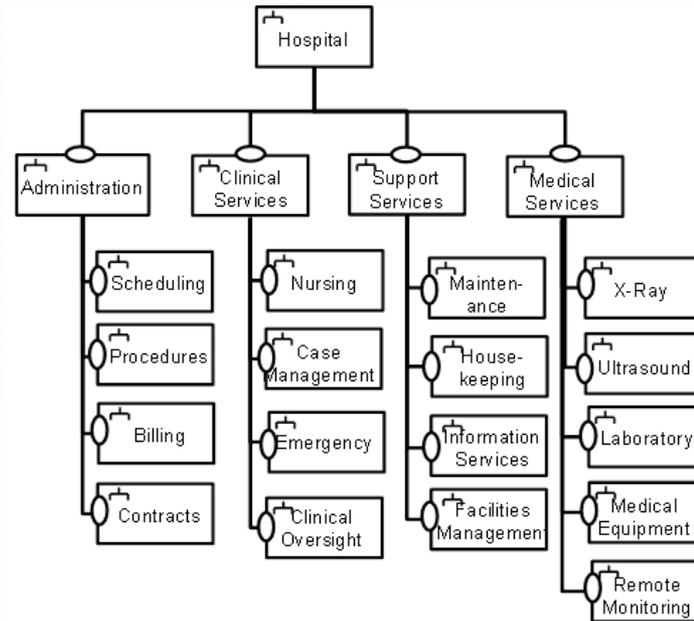
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Tip #5

Strategic priorities should be represented in the organizational chart

Ask, in order:
1. Are our priorities *explicitly* in the organizational chart?
2. How is it all interconnected?
3. What are the consequences and pros-and-cons?
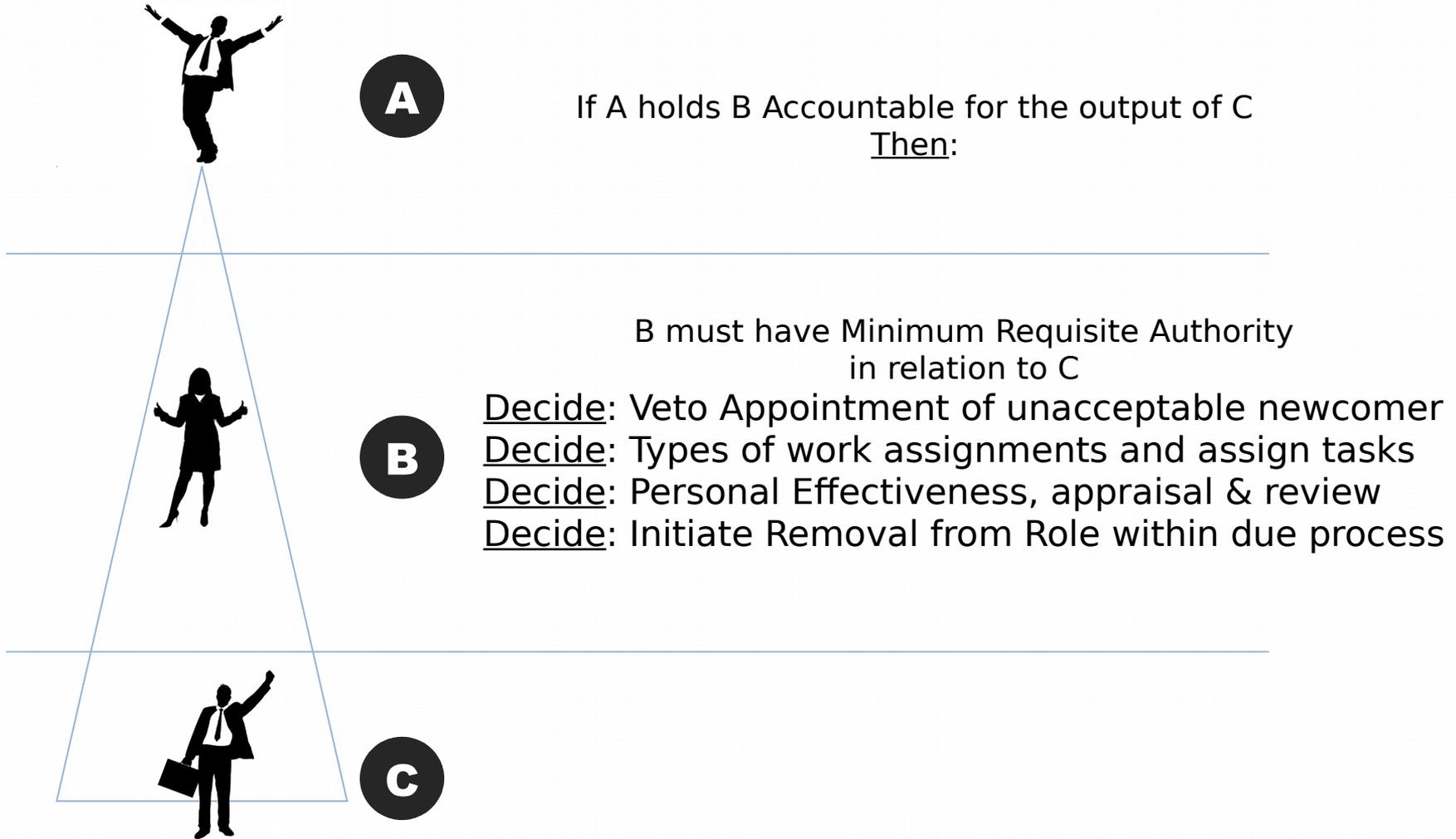4. What is beneficial in this?

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Tip #6

Try to choose for a "Unit" set up

Three basic structures in an organizational layer:
1. Value chain structure, e.g. Buy-Make-Sell & only then to: Customer
2. Unit structure (geographic, product, or market) delivering to customer without the necessity of close cooperation or long value chains – *Recommended*, if possible
3. Matix of Units: (geography+product or market+product dimensions) more coordination required before the Customer receives service or product

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Tip #7

A

If A holds B Accountable for the output of C
<u>Then</u>:

B

B must have Minimum Requisite Authority
in relation to C
<u>Decide</u>: Veto Appointment of unacceptable newcomer
<u>Decide</u>: Types of work assignments and assign tasks
<u>Decide</u>: Personal Effectiveness, appraisal & review
<u>Decide</u>: Initiate Removal from Role within due process

C

Ensure minimum requirements for managerial accountability and authority

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