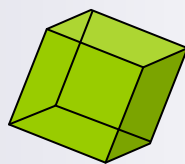




Night Light Series

# **Beyond Boxes and Lines**

## **Considerations in the Organization Redesign Process**



**Stratexos, LLC**

*Strategy Execution Solutions*

## The Situation

A senior executive we know sat staring blankly at the paper on her desk. On the left was a copy of the company's newly-minted strategic growth plan. Her division had a major role to play. On the right was a document from HR evaluating her direct reports. It contained good news and bad. Under that was a consultant's confidential report diagnosing the strengths and weaknesses of her organization. More good and bad news there. And in the middle of her desk was a yellow legal pad filled with rectangles, arrows, dotted lines and cross-outs. This was her over-lunch-at-my-desk attempt to redesign her organization so as to give her more time for the truly strategic. As she sat there, eyes glazing over, she thought, "Surely, there's a better way to do this."

## A Perspective on Solutions

Any number of things may signal that it is time to reexamine your organization's design. Maybe the company is moving in a new strategic direction, changing the focus of your organization. Perhaps you find strategic initiatives are behind schedule or are completely ignored. When asked why, you find each executive involved thought it was another's responsibility. Maybe layoffs have reduced your organization by 10 percent, three functional areas that are supposed to coordinate their actions aren't, two executives in important management positions are not pulling their weight, and you are spending more time meeting with direct reports than with key customers or strategic partners.

These are flashing yellow lights, signaling it may be time for a change. This article will give you, the decision maker, a way to think

about the phases involved in redesigning your organization, the data you need to do it, and other important process considerations.

## An Approach to Organization Redesign

In the most effective organizations, form follows function. The work is organized so structure drives the strategy. Rewards and consequences are keyed to strategic goal accomplishment. Hiring and training are geared to what's needed for the strategy to be successful. When the strategy is revised, the various drivers are reexamined for necessary adjustments to maintain or attain alignment.

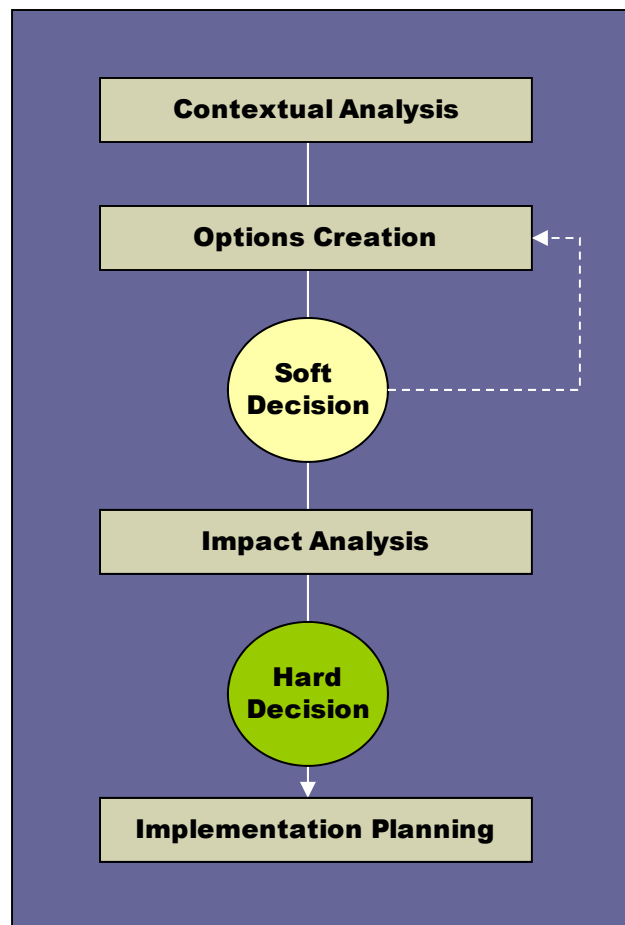
Figure 1 represents an approach to organization redesign utilizing the principle of "form follows function." Instead of the decision maker working solo, it employs a team of people working in very specific ways to ensure effectiveness.

### *Contextual Analysis*

The approach begins with combing through available documents or collecting data, if none exists, to answer the following questions: "What elements of the organization strategy could be better executed with a new design?" and "What organizational problems should be addressed by the new design?" The answers to these questions will determine your requirements for the finished product. The answers also help you decide who to involve in coming up with alternatives to the current arrangement—your redesign team.

Whether you work alongside them in their task, or brief them and send them off to work alone before getting back to you, there are several reasons for using a team approach to your redesign. First, involving more people spreads out the work. As will





**Figure 1: Organization Redesign Process**

be outlined below, a lot goes on behind-the-scenes to ensure the tight fit of your redesign and your unique set of organization circumstances. Secondly, involving more people increases the number of ideas for improving the quality of the design. Finally, involving more people at this early stage will make implementation easier later on. An organization redesign, like any other organization change, will disrupt how things are usually done. Some people will welcome this. Some won't. Having more voices in the room will allow you to more accurately identify and gauge the intensity of likely points of resistance. This will be important in implementation planning.

Also, you will have created a team of “redesign ambassadors” who can—at the appropriate time—answer questions and address rumors about the redesign that people not directly involved in its creation may have, or hear, and be too timid to ask you about directly. There is an old truism of organization change: “People support what they help create.” Therefore, your change challenge always involves finding creative ways to involve the right people at the right time. Utilizing a redesign team is one such method and is therefore one of two major decisions to make early in the redesign process. The other is that of design criteria.

Design criteria are the requirements the redesign must meet for you to consider it to be the right design. They are to the redesign what goals are to the strategic plan—they let you know if/when you've hit the target. As final decision maker about the redesign, you will want to identify these for—or with—the redesign team. The criteria will guide their work and help ensure that the alternatives developed for discussion with you are on target.

### *Options Creation*

After the redesign team has studied the contextual analysis data, clarified the design criteria and their role, their work on the actual design begins by experimenting with various ways the work of the organization might be grouped. Decisions about grouping are decisions about boundaries. They define who needs to work closely together. Because of this, grouping decisions have implications for such things as resource sharing, work coordination, and information processing speed. Those are easier within the boundaries of the group than between one group and another. The basic forms of grouping are: activity (functional groups and groups defined by their specific knowledge or discipline are examples), output (groups defined by the product they produce, or the service they provide), and customer (groups defined by market segment, user, or geography). This experimentation with grouping may produce a hybrid, multi-focused arrangement that meets the requirements of your organization's redesign. Each method of grouping carries its own set of rewards and risks. The design criteria will help in making the best grouping decision for your set of organizational issues.

The redesign team's next task is to experiment with ways the groupings may be linked. Decisions about linking are decisions about coordination and how to ensure the efficient, effective, and timely flow of information across organizational groupings. Groups may be linked by hierarchy (e.g., Units A and B report to a single manager), through formal structural connections (e.g., individual liaison roles, cross unit groups, integrating departments, matrix arrangements), through processes and systems (e.g., policies, procedures, shared information sources and technologies), or through informal groups and relationships that carry influence in the organization.

At this stage of the redesign team's work, it can be helpful to find out how similar organizations inside and outside your industry have addressed the design challenges you face. Some useful questions to ask are:

- How have you grouped yourselves? Why?
- How are these groups linked? What's working and not working about that?
- If you could, what would you change? Why?
- What advice do you have for us?

The redesign team uses the results of their experimentation and contact with other organizations to create two alternative designs that best fit the design criteria, assessing each alternative against those criteria.

### *The Soft Decision*

At the agreed upon time, redesign team and



decision maker meet to discuss the alternative designs. This discussion is about the benefits and trade-offs of each. If the team has a recommendation, they make it. If a “third way” surfaces through the discussion, as it often does, that is noted, too. At the conclusion of the meeting, the decision maker takes advantage of the team’s best thinking to make a “soft decision” about which alternative to move forward or which should be sent back for reworking.

#### *Impact Analysis, The Hard Decision, and Implementation Planning*

Up to this point, the team has been working with broad brush strokes—groups and functions, processes and procedures, boxes and lines. During the Impact Analysis, things get personal. The team takes the design resulting from the “soft decision” and asks the questions: What will be the effect of this design on specific groups and people? What will it mean for them? What will each have to do differently? Who will gain? Who will lose? The analysis also identifies the new design’s impact on specific, current policies, procedures, and systems that will need to be reinforced, modified, or eliminated to make the new design work as well in practice as it does on paper.

The decision maker examines the result of this analysis and makes a “hard decision” about moving forward to Implementation Planning where an action plan is created for addressing the issues identified in the analysis. This includes a specific plan for developing or modifying any new policies or systems recommended as part of the new design, a communication plan, and a timeline. Due to the sensitive nature of some implementation planning issues (especially personnel issues) and depending

on the makeup of the redesign team, these discussions may not include the entire redesign team. In fact, a case can be made that a different select group, one containing a few members of the original redesign team for sake of continuity, be drafted for this purpose.

#### **Final Thoughts**

Anyone who has remodeled a home while continuing to live there knows the meaning of disruption. While the project is underway, nothing seems to work as well as it did before. Others in the home complain of the noise and dust. If the remodeling was your idea, you’re the one to blame.

Redesigning an organization is like that. You’re working there even while you’re changing. You can’t close down or hang out a sign saying “Pardon our dust.” With your home, you might visit the local hardware store, buy some supplies, grab your toolbox and do the remodeling yourself. But unless remodeling is what you do for a living, bringing in someone who does might be smarter. They’ve done this before—a lot probably. They can help clarify your vision, offer alternative ways for getting there that may not have occurred to you, guide the process through to completion, help you anticipate the noise, and minimize the dust of disruption that comes along with implementation.

Sometimes getting help is the best thing you can do.

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## About Stratexos

Stratexos, LLC helps senior executives create, execute, and evaluate solutions to the leadership and organizational issues keeping them up at night. Areas of expertise include:

- Chief Executive Transition
- Executive Team Performance
- Sharpening Organizational Strategy
- Designing Organizational Structures
- Aligning Organizational Culture
- Orchestrating Effective Change

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