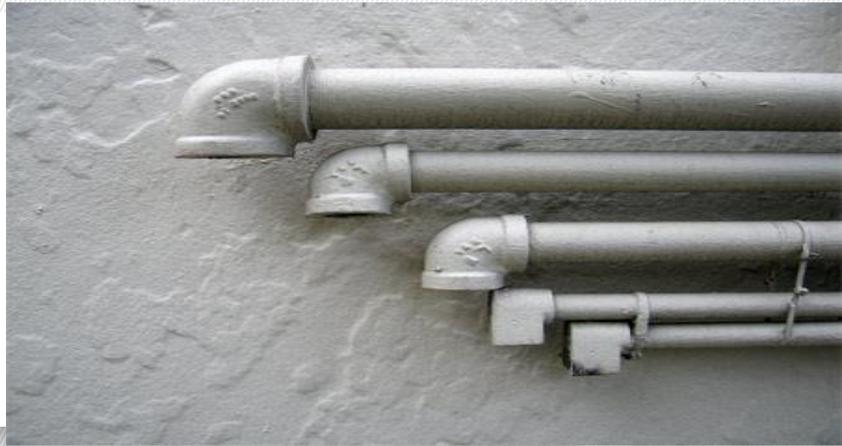




Better by Design:

Creating the right structures & roles to succeed



Performance in teams and businesses more widely doesn't just happen by accident. There are literally dozens of underlying influences and factors that are invisible to the naked eye. One of those influences is Organisational Design (OD) – or how activity is categorised and distributed between different groups and roles. Typically it's Board Members and other Senior Managers who get to sign off on OD choices supported by experts and advisers from the business or elsewhere. The impact of this people and activity 'jigsaw puzzle' on performance and culture is massive. The performance of senior managers to execute OD work is falling short in many cases with disastrous effects.

When you think about it, it's simple right? When considering OD you take a big blank sheet of paper, a sharp pencil accompanied by a few sharp minds and you're half way there. OK – maybe not. OD work is definitely a case of something that is perhaps simple to understand but not easy to execute. Before looking at what organisations can do to improve their performance and results in this area, we'll take in turn some of the most common obstacles and hurdles we come across.

1. Real People Cloud Judgement

Unless you have a start up situation or a new department being created, it's rare to have the luxury of a blank sheet of paper. More often, you will have an existing organisational structure populated by real people. Worse still you may already know that things have to change, i.e. the business needs a new type of skill set or you can't justify the number of people in certain posts. Add to the equation the fact that you may have existing relationships with some of the people (often over a long period) and you see the problem. It can be a pretty serious mistake to focus on who is currently in the organisation. Worse case it can lead to favouritism and bias, and building a business around certain individuals. We'd need a whole other article to discuss the implications of this longer term.

2. Empire Building and Spans of Control

Ask anyone who understands OD principles and they will point out you should consider spans of control, i.e. how many people any one person can supervise or manage successfully. The problem lies in either the Ego of the Manager or the assumptions in the Finance office.

Managing others and being accountable for the activity of a whole group is a privilege. The trouble is some managers who have needy egos enjoy it too much and will encourage larger teams and numbers of people to lead. This is not always best for performance or the wellbeing of those people, especially if performance development and 1:1 contact suffers.

Managing teams that are too large can also result from a financial cause. If the numbers look OK on the top line it is often the case that the financial voice will not listen to calls for investment in more people very favourably. If the numbers are OK they will tend to ignore structural weaknesses or stress levels and the risks associated with too much workload. There is an easy get out for them too; "Well if they can't cope they are clearly not that good are they!" The very real costs of poor workplace design tend to sit elsewhere on the spreadsheet so it's easy for finance or the MD to lay the responsibility elsewhere; think attrition rates, sickness, low morale, high reworking due to quality issues, recruitment costs and temporary staff and missed timescales on key activity and projects. Financial reporting is done on such short timescales nowadays, for example quarterly or yearly at best, so who has time to look at the longer term trends and OD root causes?

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3. The 'Shoe in' or Back Door Recruitment

This may seem a strange inclusion to a professional article about Organisational Design but bear with me to make the link. It can often be the case that good OD practice is ignored or bypassed for very different reasons. If a manager or person in authority has a tendency to recruit or appoint based on gut or their personal preferences (with no objectivity or process) why would they want an objective OD exercise which might show some of their recruitment behaviours for what they really are? This kind of recruitment carries many risks and has implications for the culture and values of a place. Any weakness or poor practice in recruitment, appraisals or succession planning feed through generally into an inability or lack of desire to do good OD work that is strategic or longer term. OD is not hard to understand but it brings with it a refreshing sense of objectivity and a longer term approach to performance. Ironically this is not always that welcome!

4. Made in our Own Image

It's impossible to avoid bias of some kind. It's why effective team working including healthy challenge is so valuable to performance. One of my favourite types of bias deserves a mention here. When you look around the table at people in authority making decisions on key design principles for their organisations, they bring with them 'baggage' – or bias. For my part I first cut my teeth in business in the Service Industry (Aviation). I have a natural bias still today towards customer service teams and customer facing roles as a direct result. Famously, in the 1980s heyday of Sony Electronics it was the Product Designers who were kings in that culture. It follows that when considering arguments about relative value creation inside an organisation design choice, we each bring leanings and tendencies. Generally this means we will under invest in areas of the business we don't understand well or don't personally value. That's why great OD practice is a *team sport* or at least one where you buy in outside review or objectivity.

In keeping with the topic's nature - being simple- there are some very simple principles you can follow that will have a major impact on your performance in this area. Think about:

Objectivity:

Exactly how are you going to get and maintain a level of objectivity and discipline when looking at how to build a successful business for the future? What resources do you have and what help might you need to drive to a successful conclusion?

Big Picture:

Remember that OD work is for the future and more of a long term endeavour. Don't be too kind to old assumptions and experiences from the past that may no longer be true or relevant. Be clear about overall business aims and goals and be aware of your aspirational position in the market place. From here you will create much better design options.

Design Principles 101: Work with someone with experience or who has a process or framework to act as a guide. They will have a better handle on some of the bigger questions to ask in the creative option generating phase. These include:

- Where in the organisation will key decisions get made?
- Where in the work flow are the most value creating processes?
- How do we manage functional or specialist input?
- How do we manage a geographical spread or differentiated markets?
- What is the availability and cost of various talent groups?
- What are the likely changes in the coming years that this organisational design might need to adapt to?

By taking a few simple steps back, it really is possible to be a better organisation by design. With a little time, discipline and objectivity you can see more options and importantly the implications of each choice as you create it. Senior managers should be the champions of professional OD work in their organisations, and they generally are when they invite the right support and input and a healthy degree of challenge around them. For others, this specialised work will often remain a mystery as will the real root causes of some of their productivity problems.