

Enabling Organizational Resiliency through Organization Design

A savvy business leader once remarked, “Companies that are afraid to disrupt themselves constantly end up being disrupted.” This leader has come to realize that we are in a new business era where organizations that are in a constant state of reaction are flailing and organizations that are proactive are taking control of their own destiny and succeeding.

Ultimately, the organizations that are taking control of their destiny are those in which leadership demands a proactive view of reality that includes being well versed in what it takes to be a resilient organization. Organizational resiliency translates into an organization having the capacity and capability to make required changes in a timely manner. One of the critical enablers of organizational resiliency is organization design or matching the organization form with changed function through the design of organization structure, role/responsibilities, performance measures, work group design and integrating mechanisms.

The balance of this article will offer a detailed explanation of the components that comprise a comprehensive organization design and how each contributes to enabling an organization to be resilient.

Business Model & Organization Design Analysis

It is common for an organization to analyze their business model performance annually but this does not usually include analyzing the design of the organization that supports the business model. If an organization was truly realistic they would come to the conclusion that this annual review needs to change to be an iterative, real-time process that also includes consistently analyzing the organization design. If the business model and the supporting organization design are out of alignment the potential full range of benefits projected via business model analysis will not be realized in a timely manner. An organization needs to be designed to consistently implement business model recommendations without negatively impacting productivity. Therefore, if an organization has not embedded the capacity and capability to consistently make iterative organizational change into its organization design it is unlikely that they will survive because it is clear that the more resilient the organization or the more change an organization can absorb; the more freedom leadership has to constantly adjust the business model in order to be successful.

Embedding Resiliency into an Organizations Design

Consistently analyzing an organizations design to ensure that there is the capacity and capability to absorb iterative change is a process. The key to this process is to realize that an organization’s design is comprised of multiple components that are symbiotic and need to be analyzed as a whole. If a change in one organization design component is required it is necessary to also analyze how that change impacts the other organization design components. This type of disciplined analysis is typically not completed because it is common for an organization to narrowly view its organization design as its reporting structure. So the first step is for an organization to recognize that organization design is comprised of much more than just reporting relationships reflected on an organization chart. Reporting relationships are just one component of an organizations design. The other four components are

organizational roles/responsibilities, performance measures, work group design and integrating mechanisms. The alignments of all five components of organization design are required to create and embed resiliency within an organization.

Components of Organization Design

In order to understand this concept in further detail the balance of this article will define each organizational design component, provide key considerations and design questions that must be answered in order to embed resiliency into the organization design.

Component #1 - Organization Structure: Grouping of work activities into a management reporting framework that is aligned with organizational objectives.

Key Considerations:

- Organization structures can be thought of as the device to organize three broad types of organizational activities: Customer Relationship Management, Infrastructure Support, and Product/Service Development.
- A common mistake is to design a structure to support existing organizational constraints (resources, skill sets, etc...) rather than designing it to support the realization of organizational objectives.

Key resiliency questions

- Are the direct reporting (solid) lines clear and consistent with the organizational objectives?
- Is it clear how the indirect reporting (dotted) lines will work in practice? **Sometimes indirect reporting relationships are implied but not clearly demonstrated.
- Are there any issues relating to spans of control and reporting levels?

Component #2 - Organizational Roles & Responsibilities: Defining roles and responsibilities at all levels of the management reporting framework - work group level roles, work group interfacing roles and job roles.

Key Consideration

A useful set of categories for assessing the impact of role level change within an organization include:

- Roles that are unaffected
- Roles that disappear
- Roles that are completely new
- Roles that have changed so significantly that they are classified as new

Key resiliency questions

- Have the appropriate number of roles been identified and defined to provide the capacity for a work group to effectively manage their responsibilities?
- Have all of the competencies and skill sets been detailed to ensure that the appropriate recruiting and training plans can be implemented?
- Are the interfaces with other work groups identified - those that provide inputs to the work group and those that receive outputs from the work group - so the appropriate connections and dialogues can be designed? **It is critical to check where work activity is transferring across work group boundaries to ensure that the handoff to the receiving work group is effective.

- Identify any roles that are pivotal to the success of the proposed structure and seek clarification as to how these roles will work in practice. **The pivotal roles are not always the most senior – they are usually roles that act as integrators of the structural design.

Component #3 - Performance Measures/Management: An estimate of organizational, work group or individual level performance that is to be expected as a result of the execution of a responsibility or a group of responsibilities.

Key Consideration

Performance measures will, in practice, determine what people do and how they do it. Think about performance measures across three dimensions:

- Desired behavior
- Contribution to business objectives
- Professional expertise and continuous development

Key resiliency questions

- Are performance measures for individuals and workgroups aligned to the organizational level performance indicators?
- Have desired behaviors for success been identified and are there appropriate performance measures to reinforce these behaviors?
- Is work group performance emphasized as well as individual performance?
- Do performance measures link to reward – at the individual level and at the work group level?
- Are there mechanisms in place to create a coaching environment that engenders continuous improvement and release of all employee potential?

Component #4 - Work Group Design: Defines how organizational work groups work together, encompassing communications and cultural issues. Work group design is concerned with the connectivity of individuals within a work group and across reporting structure boundaries. The ways in which these work groups interact defines how the organization design operates in practice.

Key Consideration

- One of biggest challenges to workgroups will be creating a strong understanding amongst individuals and work groups – at all levels – as to how their outputs contribute to the overall picture.
- Work group systems/process thinking is critical.

Key resiliency questions

- Do work groups have a statement of purpose that aligns them with organizational objectives? Are responsibilities and performance measures clear?
- Do work groups have terms of engagement or rules for working together? **This would include aspects such as decision making (who does it and how decisions are made and adhered to), ownership of processes, budgetary ownership, and resource ownership.
- Are work group information requirements defined?

Component #5 - Integrating Mechanisms: Mechanisms that enable the effective connection of the organization design components and bring the design – as a whole – to life. Integrating

mechanisms are comparable to a computer operating system; they enable the connection of various components to work together.

Key resiliency questions:

- What are the communication/information technology requirements to enable the new organization design?
- What governance framework is required?
- What committees and forums are required?
- Is there a requirement to co-locate staff to enable better integration of workflow?
- What role does Knowledge Management play in enabling the organization design and how this will be structured?
- Has the requirement for key integrating roles to enable the design been identified and are these roles well defined? Is it clear how they will operate in practice?
- Have the organizational, work group and individual level performance measures been clearly defined?
- Is there a common vision of what the organization is trying to achieve?
- Have supporting values and behaviors been defined?
- How will the desired values and behaviors be communicated and developed into the culture of the organization?

In summary, the root cause of making any type of organizational change should be the result of business model analysis. Business model analysis recommendations must be aligned with organizational design components in order to effectively prepare an organization to be resilient and effectively implement required changes. A resilient organization will have the capacity and capability to adapt to change emanating from iterative business model analysis. Organizational resiliency will result in a competitive advantage by enabling strategic decision making flexibility.

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