Organisation Design

From Workforce Planning to Organisation Design

Workforce Planning goes hand in hand with organisation design. Having developed the process for workforce planning which sets out the strategic direction of the organisation, an accurate profile of the current workforce and a good analysis of likely demand and skills gaps in the future, the next step is to consider the overall organisational structure within which people carry out their work.

There are many approaches to organisations that are re-structuring, downsizing, expanding, merging or setting up new units. This overview provides a summary.

What is Organisation Design?

There is no one single accepted definition of Organisation Design. But all definitions are broadly similar and describe Organisation Design as a deliberate process which establishes structures that organise human and other resources, processes, practices and systems in order to create an organisation that is capable of achieving its objectives and fulfilling its purpose.

The design process is often a series of "strategic grouping" decisions which will define the basic architecture of the organisation and determine hierarchies and reporting lines. Typically these groupings are around

- ▶ Function
- ▶ Product or category
- ▶ Customer or market
- ▶ Geography
- ▶ Matrix

One widely used model is Glabraith's Star Model™ vii which identifies and focuses on five key design challenges:

- ▶ Designing around the customer
- ▶ Organising across borders
- ▶ Making a matrix work

- ▶ Solving the centralisation/decentralisation dilemma
- ▶ Organising for innovation

The Star Model™ is a framework that sets out five categories of design activity to meet these challenges:

Strategy - defines the criteria for selecting an organisational structure and the ways of making the best trade-offs between alternatives.

Structure - determines the location of decision making power.

Processes – define the flow of information, actions and decisions.

Reward Systems - influence the motivation of an organisation's workforce.

People Policies – influence and define mindsets and skills through recruitment, promotion, training and development.
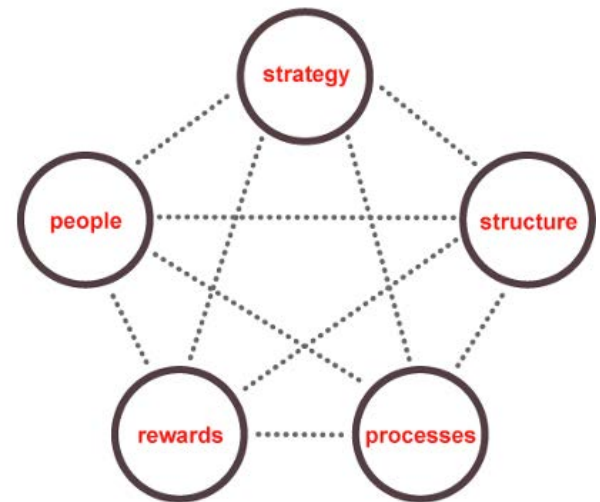
Source: Kates & Glabraith. Available at: http://www.provenmodels.com/files/08f91dfc82f8de8fff976691774118f3/five_star_model.gif

Galbraith then bases a sequential design process on these which starts with strategy as this must drive organisational structure. The preferred design process comprises of the following nine steps:

1. strategy
2. structure
3. key processes
4. key people
5. roles and responsibilities
6. information systems
7. performance measures and rewards
8. training and development
9. career paths.

The Nine Tests of Organisation Design

Many of the OD frameworks and models focus on the private sector in that they consider issues such as market positioning, product development cycles and competitive advantage.

And with increased research and numerous emerging models and guidelines, the field of Organisation Design has become ever more complex.

Goold and Campbell (2002) of Ashridge Business School consolidated a large number of ideas and

concepts into a single framework of a few core principles that aim to guide managers in making these design choices.

The Nine Tests model is an approach which includes a rigorous framework based on nine key tests of organisational effectiveness and focuses on the factors that should guide the choice of organisation design.

The model is readily adaptable to any type of organisation, including the public sector. The drivers considering "fit for purpose" issues and the good design principles provide practical and systematic help to organisation designers and practitioners.

Arguably, the design challenges leaders in the public sector face are no different form those five key issues articulated by Galbraith, and the "Nine Tests"model provides a systematic approach that allows leaders to consider all the relevant factors before making choices regardless of the particular design process.

Designing the Change-Ready Organisation

Change and Transformation have long been buzz-words. Some argue that the efficiencies must be achieved through collaborations and partnerships. Others believe that streamlining services and effecting head-count reductions will be sufficient. Yet others want to seize the opportunities to fundamentally redesign, reshape and refocus local government services and their delivery.

Whichever approach or solution is chosen, however, there will be an increasing pressure on leaders and change practitioners to make good design decisions and re-configuring local government services in a way that can deliver the same or more for less and, importantly, that build the agility, capacity and capability for future change.