

DESIGNING ORGANISATIONAL STRUCTURE

The steps below assume that the organisational strategy has been clearly defined and articulated and that organisational processes have been designed in detail. The whole organisational structure can then be 'designed' from scratch as a full exercise. This process can be adapted for redesigning part of an organisation.

1. Map the Core Process
 - 1.1. Identify the key process steps from the customer backwards, step by step
 - 1.2. Conduct a task analysis for each step, e.g. workforce stations on the production line
 - 1.3. Define skills and knowledge required for each task
 - 1.4. Estimate the staffing for each task
2. Design Jobs
 - 2.1. Group tasks into jobs by:
 - 2.1.1. Common location
 - 2.1.2. Common skills, or
 - 2.1.3. Common process
3. Design Process Roles
 - 3.1. Group jobs into roles
 - 3.2. Define roles. Each role should:
 - 3.2.1. Be unique
 - 3.2.2. Add value
 - 3.2.3. Be internally consistent and coherent
 - 3.2.4. Be purposeful
 - 3.2.5. Balance fun and stress
4. Design Process Teams
 - 4.1. Group roles into process teams. Determine internal role flexibility:
 - 4.1.1. Roles may rotate around team members, or
 - 4.1.2. Roles may be devoted specialists within the team
5. Define Line Management
 - 5.1. Evaluate the span of control at first line level. This is determined by the desire or need for close supervision. Closeness increases where:
 - 5.1.1. Tasks are highly non-routine
 - 5.1.2. The manager is the expert, relative to her subordinates
 - 5.1.3. There is a high degree of interdependence among jobs within and outside the process team
 - 5.1.4. Written rules and regulations and machinery have limited scope to reduce the need for personal supervision

- 5.1.5. Rapid response to line incidents and external changes is essential
- 5.2. Each management role should meet the role criteria set out in 3.2 above
- 5.3. Build the line management hierarchy bottom up
- 5.4. Each level in the management hierarchy should also be unique (supervising supervisors is not a unique responsibility). Use the ‘Levels of Management Accountability’ table below to validate the unique levels in the management hierarchy

Levels of Management Accountability			
Management Level	Example Role	Accountability	Time Horizon
6	Global CEO	To deliver value through developing the configuration of the global portfolio of businesses and assets	7-10 years
5	Group Managing Director, EMEA	To deliver the annual and strategic plans through integrating a network or group of separate (level 5) companies and developing the ‘opportunity space’*,e.g. market entry or withdrawal	Up to 7 years
4	Managing Director, UK	To deliver the annual and strategic plans for a standalone business in the specific ‘opportunity space’* through optimising the allocation of resources and through targeted innovations	Up to 5 years
3	Manufacturing Director, UK	To establish, maintain and develop the infrastructures in order to deliver the annual and strategic plans	Up to 3 years
2	Factory Manager	To develop the capability of current processes and infrastructures through integrating different functional activities	Up to 2 years
1	First Line Manager	To ensure task delivery through a team of level 1 workers by ‘flexing’ the work schedules	Schedule horizon of no more that 12 months
0	Production Worker	To deliver products or services to the prescribed specification	Task cycle of no more than 3 months

6. Define Staff Support

6.1. Evaluate need for staff support

- 6.1.1. Map support processes (see step 1 above)
- 6.1.2. Design support jobs (see step 2 above)
- 6.1.3. Design support roles and teams (see step 3 above)
- 6.1.4. Design support teams ((see step 4 above)

6.1.4.1. Alternatively, support roles may be integrated into the process teams at some or all levels of the hierarchy (see 4.1 above)

7. Select 'type' of structure
 - 7.1. Departmental or divisional
 - 7.2. Note areas and sections of the organisation where it is decided *not* to adopt the pure form of the chosen type, and why
8. Map the *full* hierarchy, from bottom to top
9. Identify remaining coordination problems
 - 9.1. The choice over structure leaves the 'white space' (between the formal structure) to be managed
 - 9.2. Identify the remaining co-ordination problems that are not resolved by the hierarchy, for example:
 - 9.2.1. Between process steps, especially if sequentially adjacent steps are structured differently
 - 9.2.2. Between process teams, e.g. between shifts, between production and packing
 - 9.2.3. Between line and staff
 - 9.2.4. Between divisions
 - 9.2.5. Between specialists in different divisions
 - 9.2.6. Between specialists in different departments engaged on the same project, product or market
 - 9.3. Design out the 'white space' through:
 - 9.3.1. Redesign the process
 - 9.3.2. Multi-skilling
 - 9.3.3. Integration of support into the line
 - 9.4. To *accommodate* remaining coordination problems, design permanent or temporary liaison devices:
 - 9.4.1. Liaison roles
 - 9.4.2. Inter-departmental meetings
 - 9.4.3. Task forces
 - 9.4.4. Project teams
 - 9.4.5. Integration Managers, e.g. product managers in a departmental structure
 - 9.4.6. Formal co-ordination systems, e.g. a computer-assisted integrated planning process
10. Validate the hierarchy from top to bottom - the view from 'on high'. The check questions are:
 - 10.1. Does this structure enable the deployment of the organisational strategy?
 - 10.2. Does it allow the senior General Manager (e.g. Group Managing Director) to coordinate the whole organisation?
 - 10.3. Is the span of control manageable at this top level?
 - 10.4. Does this structure divide the world up in accordance with the top level

perspective?

11. Confirm the final structure.