

# 6 key aspects of Organisation Design



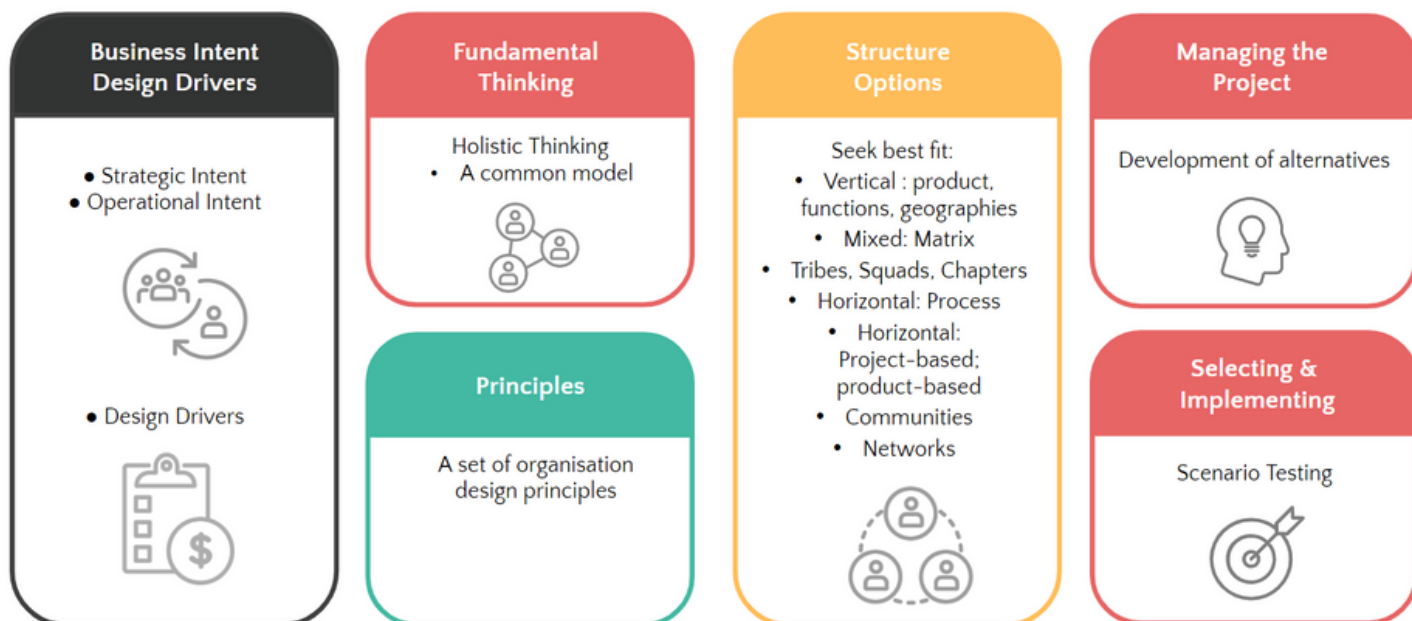
Hybrid working environments, continuous advancements in technology and shifting social norms are only a few challenges facing organisations today. There's a big focus on organisations operating under an 'agile' model, so they can respond to external changes (ideally faster than their competitors).

Becoming 'agile' often means that an organisation design is required. But as you might have already experienced, running an organisation design project is a huge undertaking. According to [McKinsey & Company](#), less than 25% of organisational redesigns succeed.

We know that every company is different, and there's no magic shortcut to the perfect organisation design. But, to make your life a little easier, we've identified 6 key aspects that apply to every company - helping you to deliver a successful organisation design.

These include:

1. Linkage to business intent and drivers
2. Creating a holistic thinking mindset
3. Building a set of common organisation design principles
4. Understanding your structure options
5. Managing your organisation design as a project
6. Selecting & implementing the right fit



## 1. Linkage to business intent and drivers

Before diving straight into your project, make sure your organisation design team has a deep understanding of how your business works, as it's fundamental to a successful design and implementation.

*An example to help you understand this is IKEA and Freedom. They're both furniture stores but they have different approaches to executing their business.*

*IKEA wants their customers to quickly and easily find the furniture they are looking for, they expect that customers usually don't need a lot of assistance and are happy with self-service. Freedom, on the other hand, creates bespoke furniture and they want interested customers to interact with their staff.*

*From this different approach, the locations of IKEA and Freedom stores are impacted by their operating style as IKEA customers are more likely to buy furniture during their visit and load it into their cars whereas Freedom customers would get their furniture delivered after visits to the store. Which is why IKEA usually offers a huge parking area whereas Freedom doesn't have that requirement and is often found in a high street location.*

*This fundamental difference in how both companies operate permeates throughout their organisation structure and design and, in the simple illustration above, for two furniture companies they offer significantly different touchpoints with their customers, with differing expectations of their customers and so forth.*

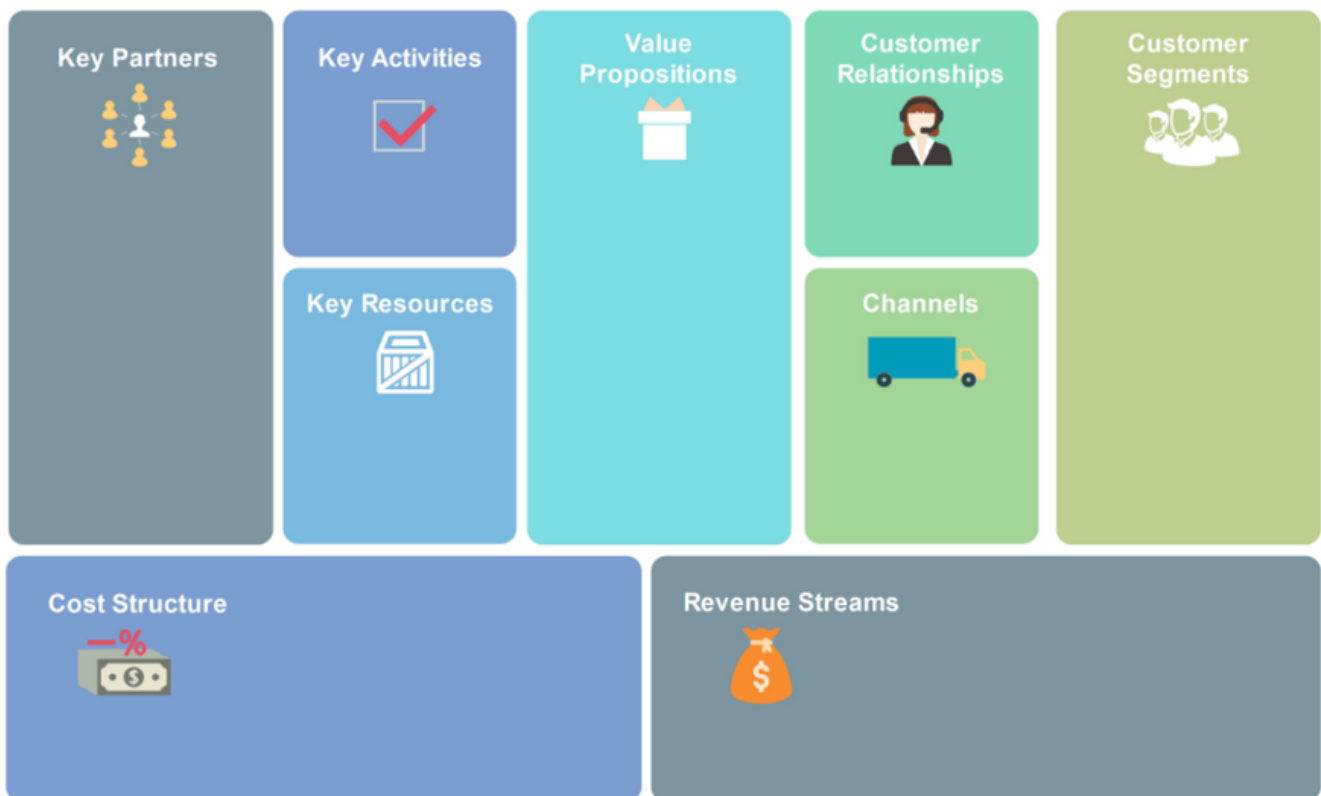
Even the smallest details about how your organisation functions will have an impact on its design. At the start of your project, it's important to create a clear outline of your organisation's high-level strategic and operational intent. This way, you can refer back to it, making sure that every decision is aligned with the big picture.

It's also important to note that designing your organisation is an ongoing process and not a one-off project. It needs to be updated every 4-5 years based on internal and external factors.

## 2. Creating a holistic thinking mindset

It's useful to have a shared model across the business so everyone has a similar view of how the company is intended to run. This makes sure that everyone is on the same page, fostering a common understanding and language.

The next page shows you an example of a business model canvas. You can use this as a starting point, but don't be afraid to create your own! You need to be able to create a business model that's easy for everyone in your company to understand. The more personalised it is to your organisation, the better.



## 3. Building a set of common organisation design principles

These principles should be specific enough to drive organisation design change and should help guide decisions throughout the project.

As a starting point, make sure your principles are created with the following in mind:

- Design is undertaken with whole of business focus (line of sight)
- Design decisions are based on relevant evidence and factors
- Design balances practicality and simplification of linkages/handovers
- Design fosters clear(er) accountabilities for delivery of outcomes
- Design is responsive to workforce needs and expectations
- Design is responsive to partners and environment

## 4. Understanding your structure options

Many organisations think solely of structure when they think of an organisation design. But as already discussed, there are three fundamental aspects that form the foundation preparation for an organisation design project. If you fail to clearly define and understand them, your project will be undermined from the start.

There are many different structure options that organisations can choose from. For example, vertical structure based on products or functions, horizontal structure, mixed structures which include tribes and squads, community or network structure.

Using an [organisation design tool](#) with simulation capabilities is a good way to test and experiment with different structure types. You can simply integrate it with your payroll data and create multiple what-if scenarios to see which structure fits your organisation the best.

## 5. Managing your organisation design as a project

Here's a simplified organisation design project overview that includes 4 different stages (initiate, design test & recommend, execute and continuous improvement) and the key activities and deliverables expected at each stage of the project.

Stages	Initiate	Design, test & recommend			Execute	Continuous Improvement
Key Activities	Confirm intent & outcomes: - Strategic priorities - Operational priorities	Assess current state	Design & test alternate proposals	Evaluate & select 'best fit' design	Implement changes	Evaluate effectiveness
Deliverables	Strategic & operational intent	Current workforce analysis	Options analysis	Preferred option business case	Rollout report	Status report metrics
Role of org design tool	Use criteria in next stage	Org charts enhanced with workforce view & analytics	Design multiple workforce proposals & comparisons	Detailed charts with KPIs & dashboards supporting BC	Establish new structure views for employee engagement	On-going progress report in enhanced charts & dashboards

Below is an example of a 1 month sprint plan that includes the same stages from the project overview above.

Sun	Mon	Tue	Wed	Thu	Fri	Sat
28	01 Initiate	02	03 Workshop 1	04 Gather Data	05	06
07	08 Checkpoint 1	09	10 Gather Data	11	12 Checkpoint 2	13
14	15 Workshop 2 Design	16	17 Workshop 3 Design	18 Design & Test Proposals	19 Workshop 4 Test	20
21	22 Workshop 5 Recommendations	23	24 Workshop 6 Report	25 Develop Recommendations Report	26 Socialise: Internal Reviews	27
28	29 Final Present to Execs	30	31 Implement and monitor Workshop 7 Mobilise	01	02	03

Download the full [org design business case template](#) to access more useful examples.

## 6. Selecting & implementing the right fit

When it comes to selecting the right fit, there's no better way to do this than scenario testing.

Much like in software testing, scenario testing in organisation design is done to ensure that:

- The end-to-end functioning of the desired structure is practical
- All the workflows will translate to the real world

Scenario testing also has a number of other advantages:

- Validates the structure coverage
- Validates processes
- Reduces the amount of option analysis
- Ensures the stakeholder perspective is taken into account

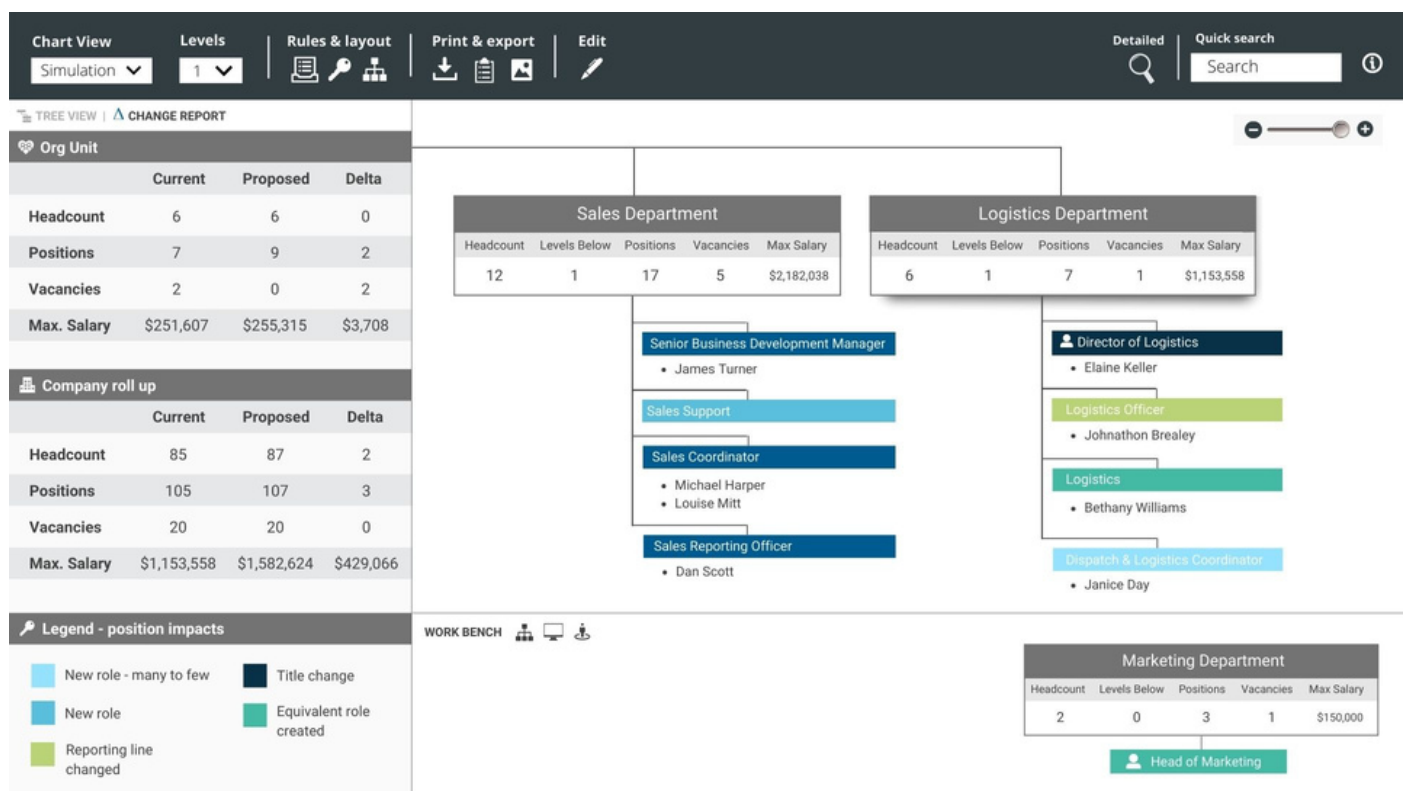
Using a dedicated organisation design tool will significantly speed up the scenario and stress testing process, so you can quickly and effectively identify the best fit.

Platforms like org.manager also provide [impact dashboards](#) where you can see all the changes being made in real-time, easily collaborate with stakeholders and get approvals quickly. org.manager automates a mountain of manual processes so you and your team can focus on more important, value-adding tasks.

## Want to learn more about org design?

Check out our new [organisation design learning centre](#). It's packed with lots of free downloadable content, webinars and mini lessons.

Keen to see org.manager in action? See how it works by booking in a [quick online demo](#).



Book a demo