# HULT RESEARCH

# (Re-)Designing Organizations

Lessons from the field

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**Acknowledgments**

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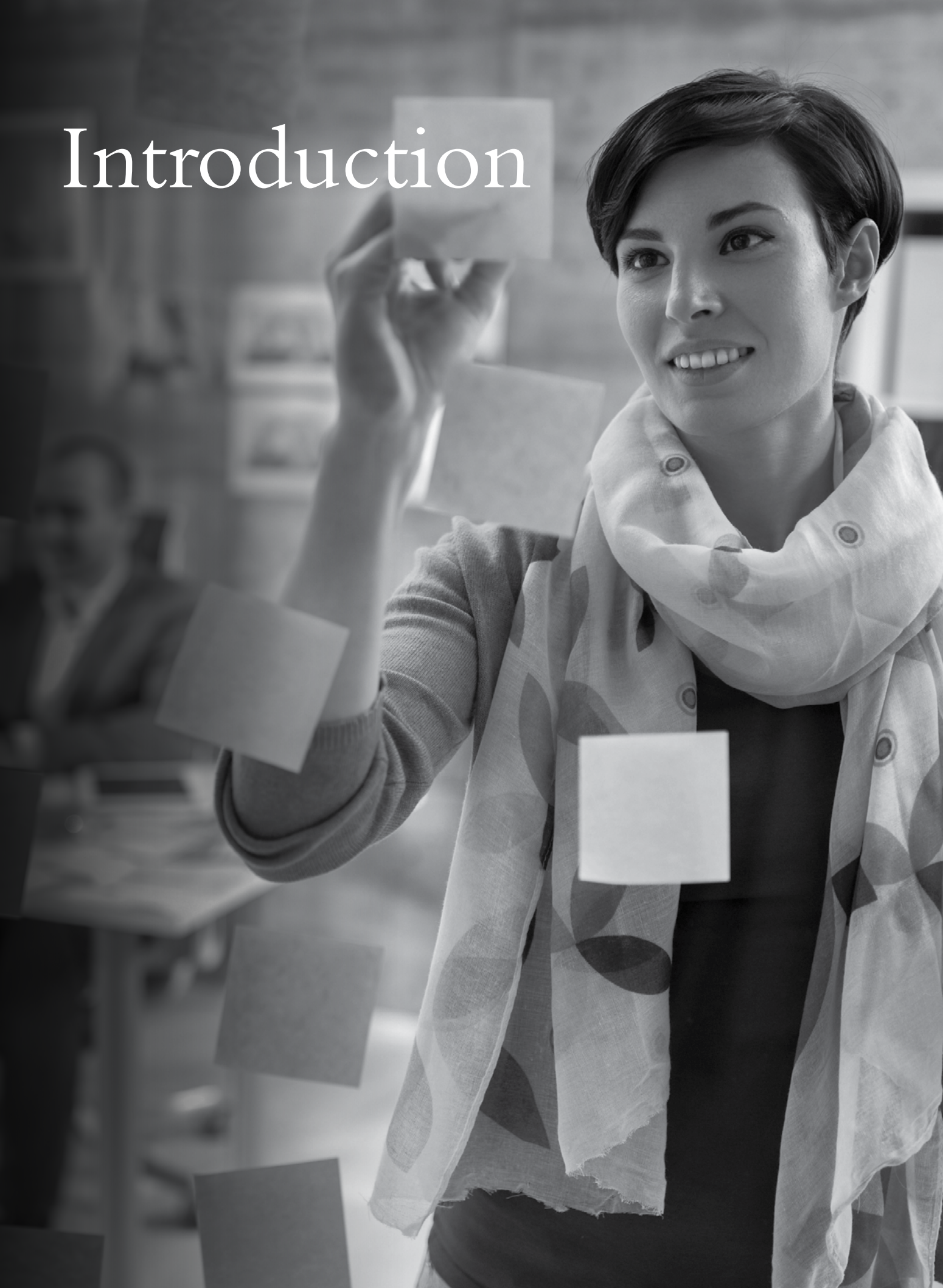
# Introduction

# Introduction

## Our purpose in researching this subject

In more stable contexts organizations used to revisit their organization designs as exceptional events. In the current turbulent and complex environment the process of re-design has become a more frequent occurrence, and in some organizations is now experienced as an ongoing and unfolding process. However, organizations find re-designing both energy consuming and challenging to implement. Moreover, the outcomes of the re-design often fail to resolve the underlying issues these organizations are facing.

Organization design and restructuring has been widely written about – Naomi Stanford's book "Guide to Organisation Design" (2015) and Kesler & Kate's "Leading Organisation Design" (2011) are two of the books to hit the shelves but many more have been published.

In undertaking our research we weren't interested in theory, however helpful this can be. We wanted to find out about the lived experience of organizations that had gone through a re-design process as our own experience of the lived reality of organization re-designs often seemed to be much more complex, contextual and richly layered than described in textbooks. What had it been like and felt like? What had worked? What hadn't? What would a senior manager do differently next time, facing a similar need to re-design?

## Our methodology

### Our approach

We were curious about how organization design practitioners thought about and worked with organization design, not testing out how we thought they should do it. For that reason, interviews were structured but open, with additional questions prompted by stories shared by the participant from their own experience of organization design.

The pre-requisite for being such an interviewee was that they had been involved in a significant way with design/re-design in their organization within the last two years. We recorded the in-depth telephone conversations with the respondents.

**Who did we speak to?**

Our intention was to interview at least 20 senior managers in organizations with over 100 employees.

We approached clients and non-clients of Ashridge, the only criteria being that we had not worked with them on their restructuring project as external advisers.

Through colleague contacts and introductions at various speaking events, we identified 25 organizations that were willing to participate. The organizations were predominately European-based corporates with a small number of public sector organizations.

Interviewees, all of whom had been involved in a recent re-design process, worked in a variety of roles:

• HR Director

• HR Business Partner

• VP Finance & IT

• Director of Strategy & Transformation

• Leadership Development Director

• Director of Business Improvement

• Commercial Director

• Managing Director

# (Re-)Designing organizations – an executive summary

# Executive Summary

## Key findings

Our research uncovered a wide range of experiences and approaches in the practice of organization design. Although there were very few universally agreed experiences, there were a number of clear findings as listed below:

**1. Non-HR leaders were more likely to think immediately about re-structuring rather than a wider range of design factors.** They therefore miss other, often less disruptive, approaches to address organizational design challenges. A significant proportion of respondents described that redesign really meant restructuring, rather than other aspects of design, and tended to turn to restructures when things were going wrong. Very few respondents described re-design more widely than restructuring, as Jay Galbraith (2002) does, who argued that organization design should be much more than restructuring and should also include elements such as strategy, people, rewards and processes.

**2. Projects were resourced and led in very different ways.** Very few respondents gave any conscious attention to the resourcing of the design process – many seemed to select a resourcing model used for other types of projects without a conscious choice or reflection on the implications of the approach taken. Most were highly hierarchical in that decisions were taken by top team members, with only one offering a fundamentally different model for decision making. However, many acknowledged the need to engage more widely around implementation. The choices made about the resourcing approach (consciously or otherwise) seemed to have been framed by factors including: the culture of the organization; the urgency of the challenge or opportunity being responded to; the size of the organization being re-designed; the desire for consistency and alignment; and/or a wish for engagement and accountability.

**3. The degree of engagement in the process of re-design varies hugely, from involving the whole organization, to involving no-one.** Managers acknowledged that engaging people does take more time, particularly in the design phase, because "the people involved also have a day job. You can only push them so far" but that it has advantages in terms of the amount of buy-in that is generated. This was also true for formal structures such as a Workers' Council, where the manager reported that they would involve that group much earlier in a similar process. While there were different experiences of how much people were involved in identifying the new design, managers were clear about the need to engage people to make implementation a success. In one organization the corporate strategy team monitored the implementation projects for the new design, but responsibility for implementation rested with each business unit. In another organization, people in one team took the time to work together on the different pieces of the new design. The team's focus was to understand the interconnections about how things would need to work and how people's roles should change in consequence.

**4. There is a 'dirty secret' in organization design that decision making is often highly political and subjective.** There was a real split in respondents who described a very honest and objective process of decision making, and those who believed that the process was a charade – with decisions being made to support people whom leaders already had in mind for roles and structures. A significant proportion of respondents described organization re-design processes which started with key individuals and then moved on to thinking about designs which would fit their motivations. Some described this with some frustration (and often in hushed tones). Others were much more accepting and acknowledged that this is the reality of decision-making process in their organization, however flawed such a process might be. In many ways, the decision-making approaches they described were much closer to Kahneman's System 1 style (2011) which is faster, more emotional and instinctive than one which is more deliberate, conscious and rational which Kahneman termed System 2.

**5. Move fast or take the time to engage and do it properly?** A recurring theme across all the interviews was that the process of re-designing and re-organizing takes a significant amount of time, often longer than anticipated. Time taken was often spoken about in terms of years rather than weeks and months. While a year sounds like a long time to the average manager and the timescale is clearly affected by the scale and breadth of the change, respondents described the pressure on time and resources to get the job done. Interestingly, respondents often noted that employees, and those not directly involved in managing the process, may well perceive re-design processes as taking too long, even on fast-tracked processes: "For employees, many decisions take a long time even if you speed it up." This raises the question of how the gap can be closed between the time the process takes and the perception that it is too long. While there may be many answers to this question, it is clear that managing expectations on the time taken and the benefits of doing so are critical for a re-design to be seen as worthwhile.

## Implications for practitioners

1. **Decide whether restructuring is actually required** or whether a similar outcome could be achieved by changing other elements of the organization instead (for example, work processes).

2. **Choose a re-design project resourcing model** that is appropriate for your organization and the scale of the change required. The resourcing archetypes set out in this report may help in this.

3. **Use consultancy support wisely.** Be clear from the outset about what type of support you want and where you want consultants to focus. Make sure the consultants transfer their knowledge across to your people. Be clear which role you would need the consultants to play: 'Expert' – where the consultant provides expert input when required; 'Pair of Hands' – where the organization is resource constrained and the consultant fills a resource gap; or 'Collaborative' – where the consultant brings their expertise to work alongside an organizational client with knowledge of their own organization (Block, P.,1999).

4. **Manage expectations about timing and process** with all key stakeholders and with all those likely to be affected by the change.

5. Recognize, accept and, where possible, **address the fact that decision-makers often start with people in mind for specific roles** in what should really be an objective process where structures and roles are still to be defined.

6. **Be honest and authentic.** Don't pretend you are genuinely interested in getting people's input and finding out their points of view if you are going to do nothing further with this intelligence. Choose whether you are using a 'persuasive engagement' approach (where you have made a decision and are looking to persuade others to implement) or a 'collaborative engagement' approach where you seek to get input to possible approaches (Hardman and Nichols, 2011).

7. When the re-design involves redundancies, **remember the people who remain in-post**. Pay attention to their needs, whether these entail psychological support or re-training. Don't simply offload the work of those made redundant onto these "survivors."

# Definitions and triggers of (re)design and restructuring
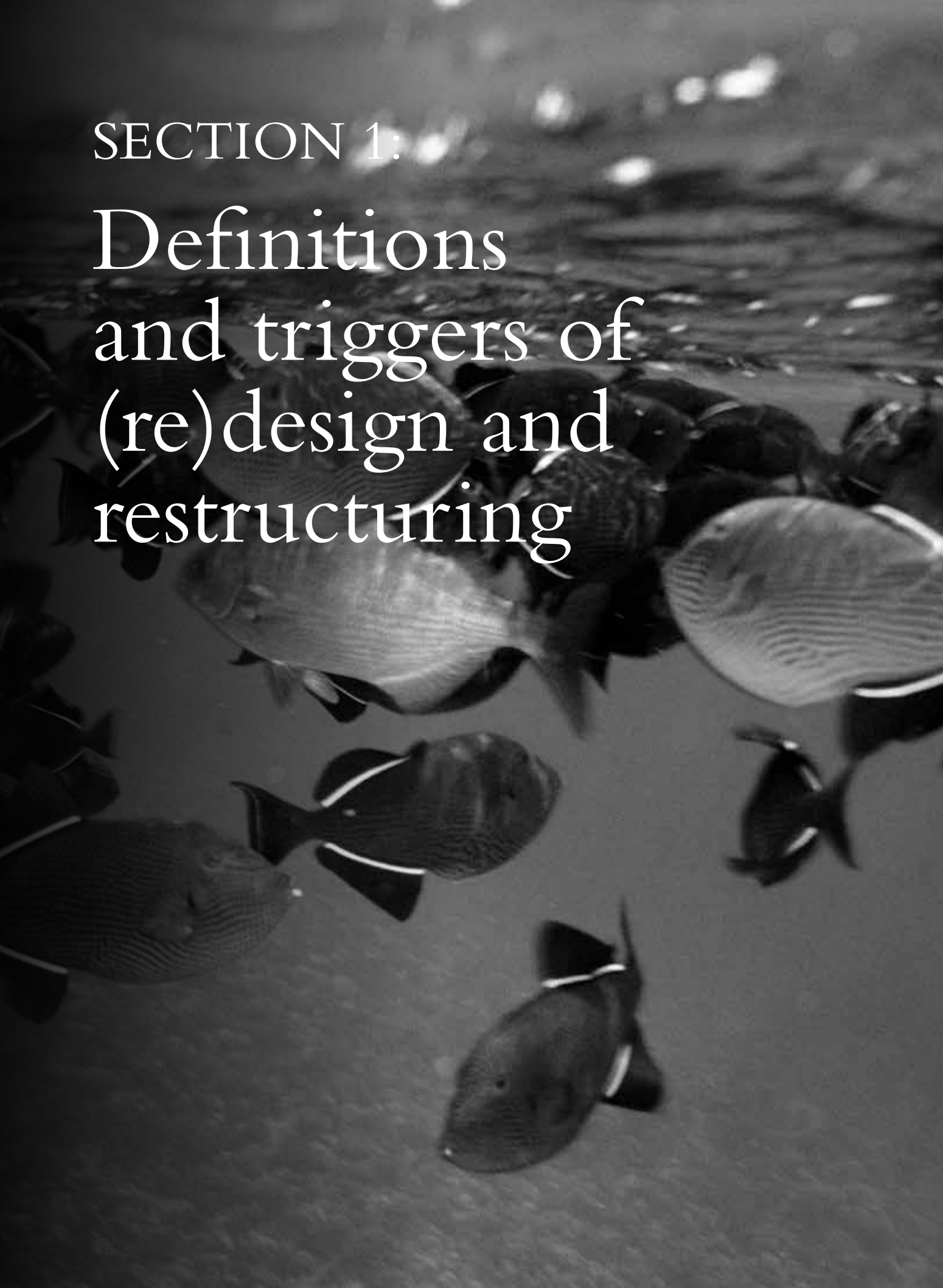
# Definitions and triggers of (re)design and restructuring

## Section overview

- Making a distinction between restructuring and re-design
- Meanings attached to restructuring and re-design
- Top three triggers for organization re-design
- Other reasons for re-design
- Implication for practitioners

**Restructuring versus re-design**

When clients talk to us about this topic they sometimes use the word "restructuring" and sometimes "re-design." Sensing that these different meanings are quite often intended, we were curious to find out through our interviews whether or not this was the case.

And it was confirmed. As the diagram below shows, over three quarters of our respondents believe that there is a difference in meaning between "restructuring" and "re-design" while a much smaller proportion (16%) think that the words have the same meaning.

**Framing the challenge negatively or positively**

When we probed into the meaning of the separate words (whether people believed them to have the same meaning or not), we discovered that the word "restructuring" was generally used more negatively as the comments below show.
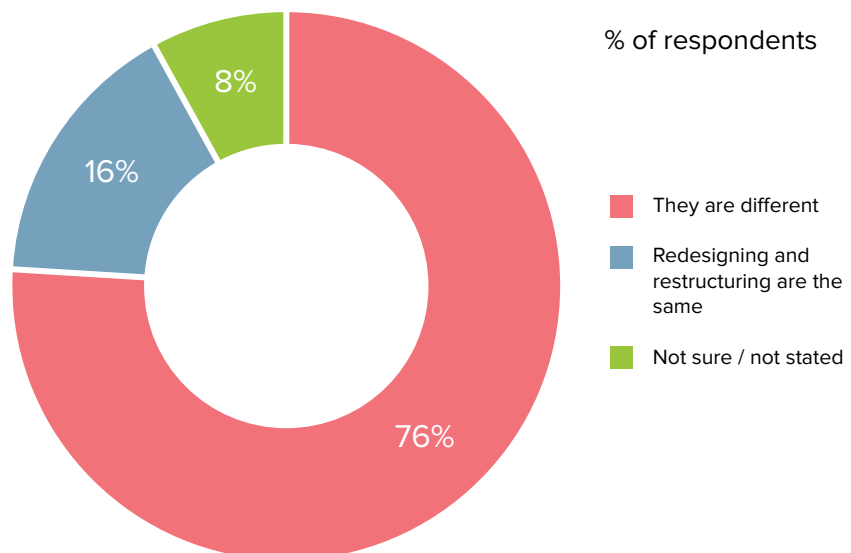


% of respondents

- They are different
- Redesigning and restructuring are the same
- Not sure / not stated

Figure 1: Is there a difference in meaning between 're-design' and 'restructuring'?

"When people say we need to restructure the business what they really mean is we'll take a load of cost out of the business."

"[Re-design is the way] you align the organizational structure to the strategy of the business."

"We turn to restructure when something is wrong."; "[when we] react to some faults or some problems with the current situation"; "it means cutting headcount somewhere"; "when people say we need to restructure the business what they really mean is we'll take a load of cost out of the business."

Respondents also described restructuring as more tactical, a reactive response to a particular event or driver. One respondent described it, in particular, as being about changing processes, whilst others talked about it being "more about the lines and boxes and sort of positions", "the organizational hierarchy and who reports to whom" and "the structure of the organization in terms of responsibilities."

By contrast, respondents described the word re-design more positively and as an activity that happens pro-actively "as a thought out plan" and "in anticipation of changes to come." It was also seen as more of a voluntary act rather a case of being "forced" to do something.

They also described re-design as including "a more strategic element" or "optimizing strategically." In particular there was a sense of making the organization fit for the future and that re-design is the way "you align the organizational structure to the strategy of the business."

**It's not always about the structure**

Other respondents described re-design more widely, such that it is not purely about the structure of an organization. For example, one person said: "it could be about structure but it could also be about [the] organizational focus and activities." This was expanded by another respondent who commented, "it's fundamentally about the way you work. It's about your governance, your processes, your behaviors, how to interact with your customers."

This reflects the way that re-design expert Jay Galbraith differentiates between the two words. For Galbraith, design/re-design is about the elements that make up an organization – its strategy and the way it works. Structure is one part of that group but is not the whole. As anyone who has undertaken a restructuring will know, it is not something to be done lightly and it could be that, in some situations, the same outcome can be achieved by making changes to processes or rewards systems.
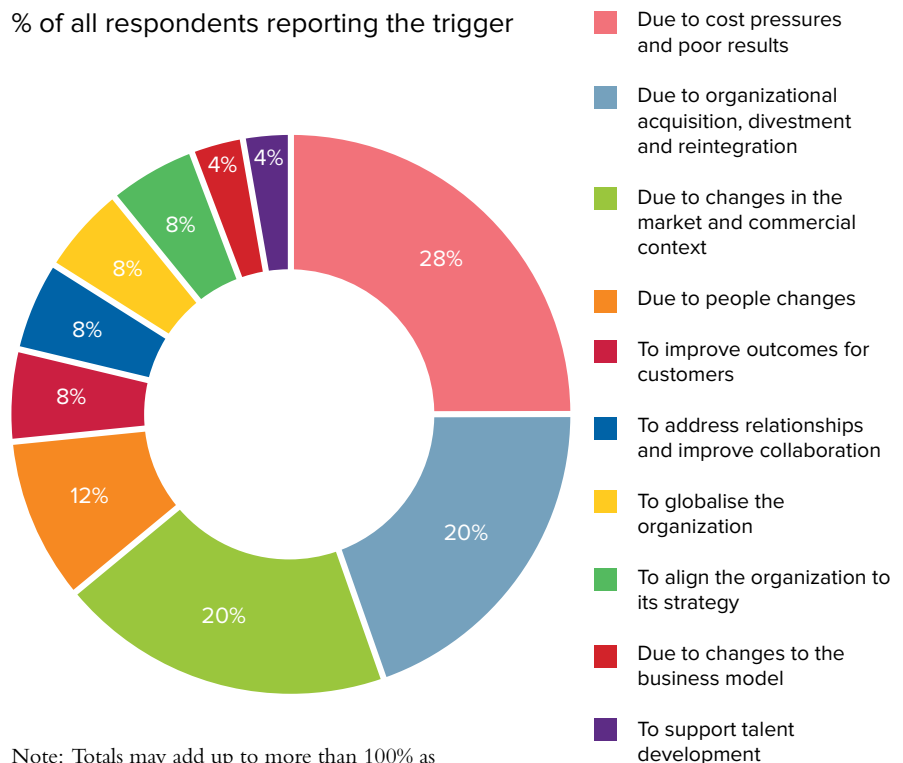
"It's fundamentally about the way you work. It's about your governance, your processes, your behaviors, how to interact with your customers."

**Restructuring**

Finally, some additional comments suggest further nuances about the use of the term re-design. "Only professionals refer to re-design, not leaders" was the impression of one manager, while another said that "organization design may be a professional method for creating a new organization structure." "Cutting costs or changing the organigram are… both outcomes of a more fundamental debate, but often the fundamental debate is missed out." Perhaps that final insight is the most important one to hang on to.

% of all respondents reporting the trigger



Due to cost pressures and poor results

Due to organizational acquisition, divestment and reintegration

Due to changes in the market and commercial context

Due to people changes

To improve outcomes for customers

To address relationships and improve collaboration

To globalise the organization

To align the organization to its strategy

Due to changes to the business model

To support talent development

Note: Totals may add up to more than 100% as some respondents reported more than one trigger

Figure 2: Triggers for organization re-design

"Cutting costs or changing the organigram are…both outcomes of a more fundamental debate, but often the fundamental debate is missed out."

**Triggers for organization re-design**

Almost one third of our respondents said that organizational re-design was triggered by cost pressures. In some cases this was from cost pressures in the industry, resulting in the need to save money and do more with less. In other cases, pressure came from within the group, where "huge budget cuts" were happening or because of the need to respond to its own poor results, either in a particular year or because profits were declining over time.

Two other events were ranked jointly as the second most important trigger to organization re-design. These were "organizational acquisition, divestment & reintegration"; and "changes in the market and commercial context."

Arguably, of course, these triggers could be inter-linked - since changes in a market structure, new ways of working by a competitor or different market challenges could require an organization to reshape itself in response, either by acquiring another organization, divesting itself of a subsidiary or re-forming in some other way.

Less significant triggers for embarking upon a re-design are internal ones around people (changes through retirement, new managers, becoming more collaborative, supporting talent), responding to the strategy and the need to improve customer outcomes.

Perhaps most realistic however, is the manager who responded "[re-design] keeps happening because life changes." That seems to sum it up rather well!

## Implications for Practitioners

1. Gain clarity on what you and your colleagues mean when talking about re-design and restructuring. Is it the same or not?

2. Decide whether it is necessary to restructure or whether you could achieve just as good an outcome by changing other elements of the organization such as processes.

3. Remember the importance of the fundamental debate – why are we doing this? How does it help us deliver our strategy?

# SECTION 2:

# Approaches taken by practitioners

# Approaches taken by practitioners

## Section overview

- The process of organization re-design – design versus implementation
- Seven stages of organization re-design
- Key learning for each stage
- Codifying approaches to re-design
- Implications for practitioners

### Design versus implementation

When asked about the design phase and the implementation phases of a re-design process, many respondents struggled with the difference and the boundary between the two. Despite asking specific questions about what we perceived as clear stages of the restructuring process, the responses didn't share this distinction. That has led us to wonder if the distinction our questions implied is only really articulated by consultants or others leading a redesign process. If so, it may be something to be aware of when planning the activities of a redesign process to ensure that there is no artificial separation between the design and implementation stages.

### Process stages

The following pages set out the different approaches described to us by respondents as they shared the stories of how the redesign approach unfolded within their organization (what we've called "codifying different re-design processes"). From these descriptions we have put together a more "textbook" model of what an overall redesign process might look like. This was not specifically described to us, but

emerged from the different approaches described below.

### Codifying different re-design processes

The approaches set out below are our attempt to codify into "archetypes" the different approaches taken to organization re-design processes in terms of how they are resourced and which groups are involved in their design and implementation. These included:

- U-shaped approach
- Pinnacle approach
- Cascade approach
- Snowcap approach
- Outsourced approach
- Top-team supported approach

The most common archetypes reflected in our study are the 'Top Team Supported Approach' and the 'Snowcap Approach' which suggest that re-organization processes are still held to be a primary responsibility of the most senior leaders. A number of the cases described a blend of some of the archetypes, so for example one interviewee described a 'Snowcap Approach' which was combined with an 'Outsourced Approach'.

# U–Shaped approach



## Case example
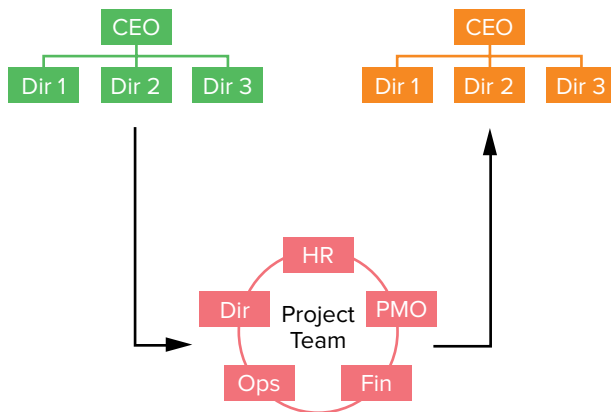
### Description of the approach

This describes an approach whereby the executive team creates a project team with multiple functions and delegates to them the task of managing the re-design process with outputs of the process being returned to the executive team for approval.

"We have a central working team… providing the guidance, the criteria, the planning, the steps… and then the responsibility for each function to come up with the blueprint for that function, and these blueprints are reviewed then by an Executive member."

### Used in (type of organizations):

Generally large organizations with the capacity to resource a project team for a period of time to manage a re-design process.

### Possibly helpful when…

Functions are tightly resourced and where there is little discipline on deliverables and timescales without a focused project team involved. Also useful to develop lower-level involvement in a structured way.

### Possible downsides…

Such project teams often fail due to lack of leadership, team accountability, availability of time by members and loyalties to their own functions if these come under threat in the re-design process.

Executive team decides high level design principles and division roles and design criteria

Lean operating mode team provide instructions to functions

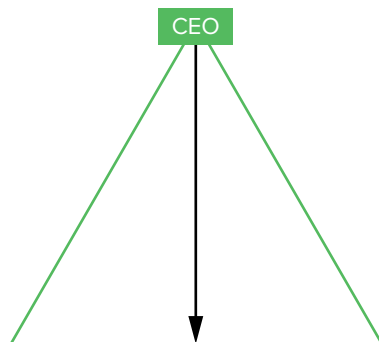Functions create a blueprint on the criteria and process required

All blueprints reviewed and signed off by an executive member

Functions implement the blueprint

Case example of a 'U-Shaped design approach' in a Dutch multi-national

# Pinnacle approach

CEO

### Description of the approach

An approach where the CEO of the organization (or head of the company division being re-designed) personally leads and manages the re-design process, perhaps with key direct reports or functional heads supporting.

"The [previous] Chief Executive of the international branch was fired because, under their rule, things went badly wrong… and so the initiative was in the hands of the Board entirely."

### Used in (type of organizations):
Often in smaller companies, with the approach common in owner-managed businesses.

### Possibly helpful when…
Rapid change in the design is required, and also when the organization is otherwise slow-moving or has difficulties in making decisions that stick.

### Possible downsides…
Can leave senior managers and staff feeling demotivated and disengaged if they are not involved.

# Case example

CEO decides his own high level view of future structure of company

⌄

Discussion with head of HR on how the design can be implemented

⌄

Head of HR designs target structure based on CEO's wishes and capabilities of people in the business

⌄

The target organization structure is challenged (at a detailed level) by the HR team
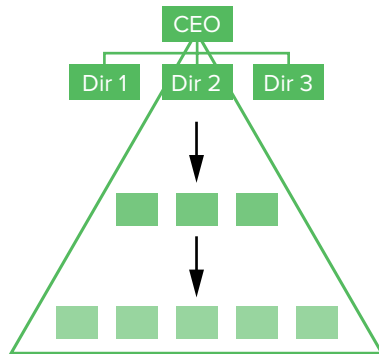
⌄

The detailed structure is signed off by the CEO

⌄

The structural changes are implemented

Case example of a 'Pinnacle approach' to re-design: Danish multi-national manufacturing firm

# Cascade approach



### Description of the approach

Approaches where the re-design process starts at the top of the organization and then in a structured way involves or gets applied to each subsequent layer in turn.

"We worked through the restructure layer by layer, with each layer involved in what their level should look like (with no names attached)."

### Used in (type of organizations)…
Large, hierarchical organizations without overbearing top level control.

### Possibly helpful when…
Senior leaders want ownership and alignment through the levels of the organization.

### Possible downsides…
Key principles and objectives for the re-design can get watered down or diffused as each layer attempts to interpret the need for change with a resultant loss of consistency.

# Case example

Reshaped vision and values for whole company in process involving 60 people

⌄

Involved 5,000 people across business to ID improvements based on vision and values

⌄

Improvement ideas reviewed by top 200 business leaders

⌄

Exec team identified processes and shapes for their level (resulting from structure-related improvement ideas

⌄

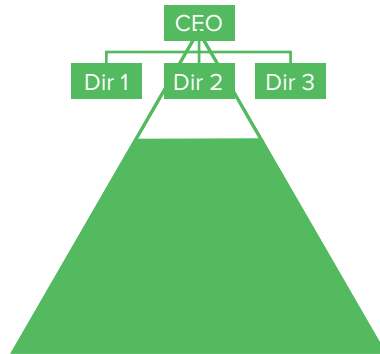Exec's processes and shapes approved by CEO

⌄

Each level determining own processes and shapes and approved by line manager

⌄

Implementation of new structures

Case Example of a 'Cascade approach' to re-design: Global organization

# Snowcap approach



## Description of the approach

An approach where only top two levels of the organization are involved in the design process, with the final structure being decided and announced without prior involvement of others.

'It was too narrow in terms of the involvement of very much the senior executives and I think that's where then… it was becoming very challenging to implement.'

## Used in (type of organizations)…
Small to mid-sized firms; perhaps when the negative consequences of decisions for staff are significant e.g. lots of job losses.

## Possibly helpful when…
When there is a crisis situation in the organization and where tribal alliances with others outside the top team make sticking to decisions difficult.

## Possible downsides…
As the quote suggests, it may subsequently be difficult for those not involved in the process to a) understand and b) get behind a decision they were not involved with or fundamentally disagree with.

# Case example



Case example of a 'Snowcap approach' to re-design: Re-design of a company HR division in Germany
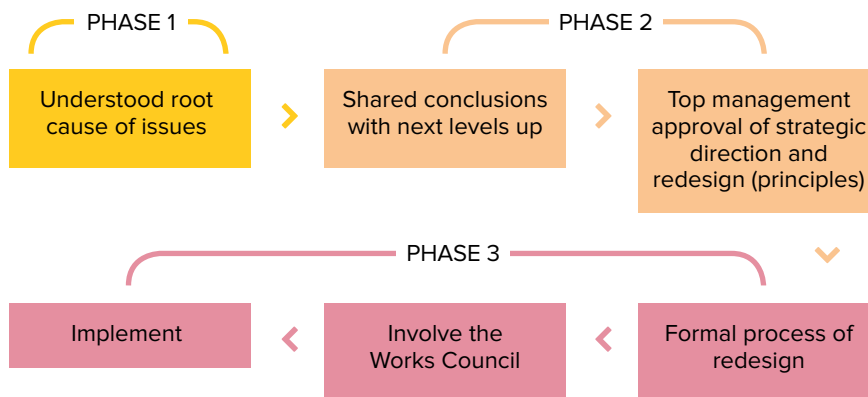


Case example of a 'Snowcap approach to re-design: A product division of a German commercial multi-national

# Outsourced approach



## Case example
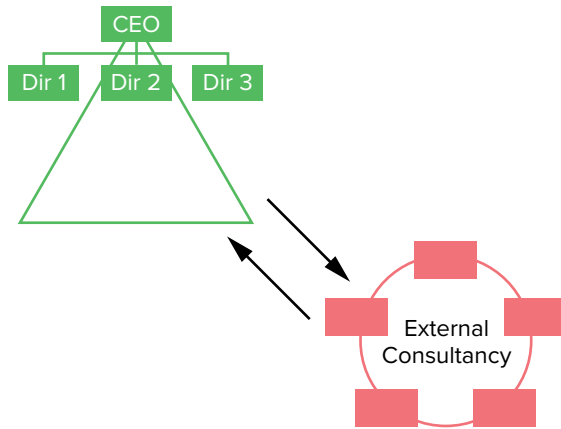


### Description of the approach

Where the process of design (and possibly also implementation) is outsourced to an external consultancy to manage.

'The approach was to ask an external consultancy…to let them work more or less a little bit behind closed doors and then come out with a proposal which was presented…'

### Used in (type of organizations)…

Often large, often political organizations which lack the skills required to handle a large re-design process.

### Possibly helpful when…

Decisions are political and where external (and therefore independent) rigor are helpful and where there are insufficient resources or skills to manage the process internally.

### Possible downsides…

Lack of ownership of decisions recommended and also lack of understanding of what the final recommendations imply on the ground, or how to make it happen. Can also lead to decisions made which don't sufficiently reflect the needs or realities of the organization, particularly if key members of staff are not sufficiently involved.
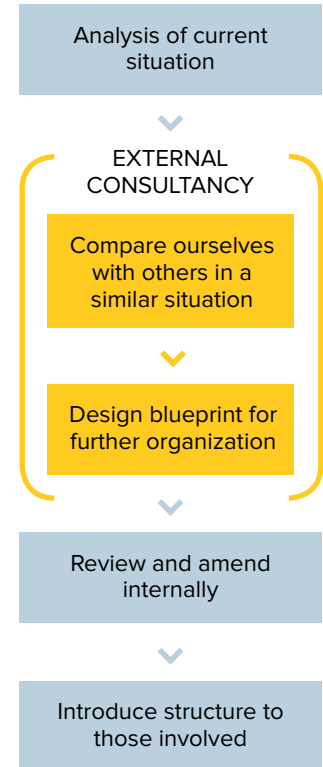
Case Example of an outsourced approach to re-design: Outsourced re-design project in a German R&D business

# Top-team supported approach
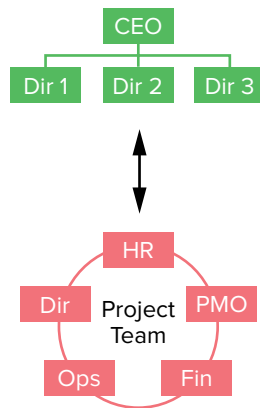


### Description of the approach

An approach whereby a senior executive team is supported by a multi-function project team focused on a re-design, with ongoing and regular interactions and reporting throughout the process.

'Sometimes the Chief Officer works just with the Organization Development and Design Team. It is often held very tightly.'

### Used in (type of organizations):
Small to medium-sized organizations, across sectors.

### Possibly helpful when…
Time is tight and the re-design process requires involvement of specialists and a managed process for delivering outcomes; when top leaders don't have sufficient faith in their collective ability to manage the change in a consistent or coherent way.

### Possible downsides…
Can take a lot of time from executive members involved in the process – if this is not made available this can slow a project down considerably or put at risk key decisions.

Example of a Top Team Supported Approach to Re-design: Re-design of an Operations Division in a UK Private company

# Case example

**EARLY 2014**
Catalyst: Operations director joins the business

**JUNE 2014**
Project plan prepared

- Operations Manager
- Business Unit Director

**JULY-SEPT 2014**
Understanding the 'as is'

- Operations Manager
- Business Unit Director

- Produced an interview list/guide
- Interviewing
- Collating / grouping responses
- Sharing with Ops Board

( Top line comms to full population )

**OCT-NOV 2014**
Identifying and agreeing focus for change and high level design

- Operations Board

- Agreeing design principles
- Modelling changes
- Stress testing and scenarios on new design options
- Sharing with Ops Board

**DEC-APR 2015**
Developing a clear 'straw man' structure

- Operations Manager
- Business Unit Director
-
- Detailed design
- Preparing job descriptions
- Identifying key purpose of each area
- Deliverables within 12/18/24 months
- Headcount for each team

**APRIL 2015 (ongoing)**
Launch

# Textbook approach

From these stories we have put together an overall "textbook" process flow that is derived from respondents' descriptions of the re-design processes they led or participated in.

This includes themes and implications emerging under each of the process steps.

**1 Decide your design approach**
- Decide who you are going to involve and at what stages
- Decide how much control and consistency is needed
- Consider skills needed
- Consider external help if needing facilitation help or if you have insufficient resources or skills

**2 Get sufficient understanding**
- Accept that different members of the team have different levels of understanding of the organization
- Spend time getting sufficient understanding of the organization (eg. speak to stakeholders, staff, customers)
- Analyse to understand what needs to change

**3 Decide your design principles**
- Decide the design principles
- Get them signed off
- Acknowledge losses but stay agnostic about the future

**4 Develop 'real' structural options**
- Separate the role from the person
- Processes need to be supported by the structure, not the other way around

**5 Assess and decide objectively**
- Use Goold & Campbell 9 Tests and Design Principles[3] to assess options - adapt these if needed
- Look at it from a business perspective
- Then consider from a personal perspective before choosing
- Consider realistically whether the design is feasible given the people you have
- Get peer or senior review/approval

**6 Plan your implementation**
- Run scenarios to 'stress test' the new design
- Use the RAPID® or RASCI[4] tools to test decisions for chosen structure
- Develop your plan for implementation and include measures of success (over short/medium/long terms)
- Create job and/or team descriptions
- Take time to align approaches and descriptions

**7 Implement and develop**
- Share the design more widely, being open and honest wherever possible
- Build in time for exploratory (sense-making) conversations especially when you have a matrix structure
- Train the affected teams and also the wider functions affected - do this early

PREPARING

(RE-) DESIGNING & DECIDING

IMPLEMENTING

Keep the customer in mind in the beginning and throughout, involve others as early as possible and communicate regularly.

## Stage 1: Decide your design approach

"…never lose sight of what the customer wants/needs – i.e. it's not what we want. Often they are at the far end. Need to start with that."

### Keep the customer in mind from the beginning

A number of respondents described the importance of starting with the external context and the customer perspective as it is easy to get lost in the internal machinations of a design process:

"…never lose sight of what the customer wants/needs – i.e. it's not what we want. Often they are at the far end. Need to start with that."

Others also described the importance of not losing sight of daily business and customer operations while going through the often distracting and discomforting processes of design:

"…continue to serve clients, in fact, always prioritise servicing the clients, when you structure things internally."

### The dirty secret

It was interesting that very few of the respondents described "text-book" approaches to re-design and many shared (in hushed tones) the secret that in fact the processes had been "gamed" or just pushed through by senior stakeholders with a pre-defined view of what the new design should look like.

"…I guess that, like in many companies, in our company as well, basically at the end sometimes our CEO decides what it is…"

### Freedom or control?

Respondents reported different balances of freedom and control depending on the re-design approach. This varied from top and central control through to greater freedom across the organization. In terms of design process choices, research by Helfatt & Winter (2011) suggests that units should be given more freedom to design if there is less co-ordination and consistency required between units. Less freedom should be given to units if significant parenting advantage (Campbell, Goold & Alexander, 1999) is gained from consistent cross-firm activities or processes. According to Campbell, ultimately control is provided through robust design principles and then each layer should be free to design within these boundaries.

### Consistency and alignment

One respondent described the difficulty of getting consistency:

"What we had was a number of very strong Management Board Members who each had their own view of what the world should look like."

The respondent believed that in this situation the CEO needed to be the one who enforced the consistency, even though this was at the cost of freedom for the other board members:

"One of our biggest challenges was a lack of grip and drive from the Chief Executive… what you need is somebody who says 'right, I've taken your views on board, but this is what we're going to do'."

Other respondents described the difficulty of getting consistency and alignment:

"I think… stakeholder management and alignment across the organization

"The operations part of the business is complex… so not everybody in the room has a full understanding… So a lot of time was spent trying to understand from the people in the room who did know what was possible and what was not possible in order to reshape."

is really difficult, so if you talk for example about the alignment in the business groups… ideally we would like to have identical business groups structures but accept there is a difference between business to business and business to consumer."

As this comment shows, there has to be a degree of pragmatism about any stakeholder management. Almost inevitably not every individual, or group of individuals, will align behind a particular course of action. But that doesn't detract from the importance of using a stakeholder management process early in the redesign to "step into the shoes of" various teams to understand the situation from their perspective and, if feasible, respond to it, even if only to acknowledge the concerns being raised.

### Who should be involved in the re-design process?

Leadership involvement in the process varied tremendously across our interview sample:

"Usually the Chief Officer for the area leads the restructure."

"Sometimes the whole management team for the area are involved."

Sometimes a supporting team, often including HR members, helped the senior team in the design process:

"Corporate HR play a co-ordinating role."

"Sometimes HR are involved as it helps them start planning for implementation."

"Sometimes the Chief Officer works

just with the Org Development and Design Team."

A number of respondents involved other practitioners early in the process and also encouraged them to do the same with others:

"I would encourage some early involvement which improves buy-in."

"We involved people who are working in the business and know it well."

One key reason for keeping fewer people involved in the design was to maintain confidentiality and a sense of calm while structural options were being considered. However, the success of such an approach was questioned by one respondent:

"Well I think part of having this closed process and not telling a lot of people is the motivation to try to avoid a lot of rumors and frustration while the thing is going on. I would question whether it actually worked because people of course see that there are a lot of meetings going on and you cannot avoid that certain information leaks out to people not involved in the process."

Finally, this first stage included the decision of whether to involve consultants. The judgement depended on a number of factors:

1. Did the company have enough spare resource to work on the process?

2. Were there people around with the skills to do so?

3. Did the senior team need external facilitation or independent input to enable decisions to be made and upheld?

## Stage 2: Get sufficient understanding

"I think we concluded that we should have had a plan for actually implementation and follow-up [to] see that we actually made the progress and achieved what we wanted to do but you can say that was never done."

Respondents noted the difficulty of engaging in an organizational re-design when they did not understand the activities, roles and value of other parts of the organization. The implication of this is that significant time for these conversations needs to be built into the design process. This is often difficult when senior leaders are pressed for time or want to see quick results.

"The operations part of the business is complex… so not everybody in the room has a full understanding… So a lot of time was spent trying to understand from the people in the room who did know what was possible and what was not possible in order to reshape."

Others described analytical and inquiry-based approaches to trying to understand the issues after a decision had been taken to re-design. This seems to indicate that often the decision is taken at a high level that "something must be done" and this is then followed by more analytical processes to decide what must be done.

"We first did an analysis to understand better how we got to this situation. It was not only [poor] profitability but also the processes internally were not running as they should have been. We combined the two [issues], so we knew we had customers who were not profitable, and we knew we were not steering the change as it should be, so we took enough time at the start to analyse."

One respondent described a formal process of consultation around the context and how the organization needed to be structured to respond:

"We had a very, very consultative process that the two of us ran ourselves. We consulted widely, both internally, but especially externally, and we had three stakeholders. The first [group of stakeholders] was obviously our own people. Then we looked at the market and then we looked at clients. The order of importance that we attributed to the feedback was clients first, our people second and the industry third."

For us this raises the question about at what point do you decide that you have sufficient understanding to move forwards, balancing the need for information, the wish to engage others, and the requirement to keep the project within a reasonable timescale. As with many other aspects of redesign, pragmatism is likely to be needed about how best this can balance can be achieved.

## Stage 3: Decide your design principles

A significant number of respondents made direct reference to the importance of agreeing design principles early in a re-design project that could then become a reference point for later decision-making. It was interesting that only one respondent linked this to the need for a clear-enough understanding of the organization's strategy, something which we believe is critical to identify design principles.

"[We]… agreed… what the design principles were going to be, got those signed off by our leadership, so if there's any fluidity, if there's any movement, if there's any change, you've got something, you've got an audit trail that says this is the design principle that was agreed, this is why we're doing it."

Agreeing design principles which then guided organizational structure and resourcing decisions was viewed as "tricky" because this might lead to perceived "losses" later in the process for some of those same leaders. The question this raises is "what does it take to enable a group of leaders to be in a state where they are prepared to be party to, countenance and deal with losses?"

"One of the challenges… is getting people to be agnostic about the future… It's one of the appeals of getting external people to do it. They come with no baggage, they've got no skin in the game. There's a real kind of behavioral thing to get people to detach themselves and say 'I'm designing a future world that may not have me in it'."

(See also section on Strategy and "the bigger picture")

## Stage 4: Get sufficient understanding

When developing options for future structures, many described the importance of keeping the process objective. Interestingly, a number of respondents noted the importance of acknowledging and considering the subjective personal issues related to options, but only after the objective process had been worked through first.

"When we look at restructuring teams, we try to separate the role from the person. We really try to force that [separation] and we spend plenty of time across the organization on doing that definition, [before] overlaying the subjective stuff on top of that foundation."

In one case a respondent noted that the link between process and structure (both key elements in Jay Galbraith's work) is important to acknowledge, and that structure needs to follow process: "The overall processes needed to be supported by the structure, [instead of] deciding the structure then adjusting some processes." While we agree that in some cases this principle may hold true, we suspect that the reverse may also apply in certain situations.

Considering how important this part of the process is, there was a curious lack of information from respondents about different structural options.

None of them described having in mind an optimal number of options to develop. Nor did we hear about identifying extreme options as a way of challenging more creative thinking. Equally, we didn't hear about who might be best to involve in this part of the process, particularly to think

as widely as possible about potential outcomes, nor about what happens when the leader (of the process) already has a strong opinion about what the preferred option should be. For this reason, we think this might be an interesting area for future research.

## Stage 5: Decide and decide objectively

Objectivity in the decision making process was described as being critical, but not always held to in the experience of those interviewed. To facilitate good objective decisions, a number of respondents mentioned strategy expert Andrew Campbell's Nine Tests of Design & Fit (Andrew Campbell & Michael Goold, 2002) as a helpful tool for assessing options, alongside the design criteria.

"We used Andrew Campbell's Nine Tests to check the decisions."

One respondent talked about adapting the Nine Tests framework to make it relevant for their context:

"We have adopted our own version of the Nine tests… So we simply do some of the tests – strategy alignment, co-ordination and hierarchy, which gives a broad perspective."

Some described the importance of suspending thoughts about current people from the future structural options as a vital way for the process to gain momentum and to also unlock new thinking.

"What we realised was that it made the whole exercise a lot easier when we were forcing ourselves not to think about people… and then, later, look

at, okay, now who could actually be the people to inhabit these roles… It made it more difficult if we, in the beginning… have the actual current people in the back of our heads… Freeing yourself from that was a huge help."

When making a decision, getting to a "workable solution" was considered to be critical:

"Look at it from the business perspective… look at it from a personal perspective… but try to find the most workable solution."

During this stage, organizations which reported wider and deeper involvement in the design process described the importance and time spent on senior and peer approval for local design decisions:

"So a department would work on their new processes and structure e.g. the Exec director and their team for a business area. Their plan was peer reviewed, challenged and feedback. So you got to see another part of the business you go back and adjust your plans. Lots of consultation between units."

(See also section Roles before people – or vice versa)

# Stage 6:
# Plan your
# implementation

"…a bit of learning to me, is so much of this is dependent on capability and behavior and it's only really now, in the…third year, that we're really focusing on that stuff."

More than one respondent mentioned that they or their organization did not have a clear implementation plan once they had come up with their desired structure, and certainly not one with success criteria which, in hindsight, would have been helpful.

"I think we concluded that we should have had a plan for implementation and follow-up [to] see that we actually made the progress and achieved what we wanted to do but… that was never done."

The importance of testing the chosen structure was mentioned by a number of respondents. One mentioned using scenarios and modelling what the new organization structure would mean in practice:

"Of course we then had to get into testing it, stress testing it, running through various scenarios, running through live examples of work and how we did them and would that work in this structure."

RAPID, a Bain tool for clarifying decisions (Rogers, P. & M. Blenko, 2006) was a second approach mentioned for testing the structural decision that had been made and to move to agreed decision rights in the newly chosen structure.

"We have lots of OD [organization development] tools. For roles we used the RAPID framework to define decision responsibilities, which is very important. We sometimes use RASCI."

Blenko, Mankins and Rogers (2010) argue that instead of waiting to test new structures against decisions, organizations should start their re-design processes with a decision audit:

"It may be that the reorganisation is an attempt to improve an existing strategy, in which case you'll end up with a comparison between the decisions you ought to be concentrating on and the ones you are actually making. The bigger the difference - and the greater the obstacle presented by your organisational structure - the more aggressive your reorganisation will need to be."

Developing job descriptions was described as one of the most key and time consuming tasks in the implementation phase but it was interesting to note that not every company wrote job description for roles:

"[We] do not do job descriptions. We do organization descriptions. Each area describes its main activities – this gives flexibility for roles within that."

# Stage 7: Implement and develop

"…being honest about where the thinking was at that point, wherever we possibly could be."

Respondents reported that insufficient time and attention was paid to training and developing individuals stepping into new roles and also for staff interacting with the new roles. One respondent commented:

"It was very underdone in terms of the… training and development needed, not only for the people going into those roles… but also for the wider functions, how they were supposed to react…"

A significant number of respondents believed their organization addressed capability and behavior far too late in re-design processes:

"…A bit of learning to me, is so much of this is dependent on capability and behavior and it's only really now, in the…third year, that we're really focusing on that stuff."

"There is an argument that we could have done more on behavior and culture earlier on but I guess that there's a question of capacity and you know what the organization can absorb in one go."

Involvement and communication of the re-design was recognized as being both a challenging and necessary pre-requisite for success. Early involvement was felt to be helpful:

"Everyone had been involved early in the process and at implementation we tried to involve specific people who would be trusted by others."

Honesty and openness throughout the whole process, not only in the implementation phase, was also considered helpful. There was acknowledgement from some that

there needed to be a balance between being open but not so open as to destabilise the business while crucial decisions were being discussed and taken. Comments mentioned that it is important to be:

"Honest about where the thinking was at that point, wherever we possibly could be."

"Clear what the implications are for people so, for us, there was a whole comms that we planned around functions comms, team comms, individual comms, and making sure that we were clear about what the messages were across all three stages."

One respondent challenged the notion that it is impossible to over-communicate, as different people have different needs for inclusion and information.

"I don't mind discussing things, improvising and then letting go of some of them, while for some people I know it drives them nuts because they just say, 'no, just give me the final structure and that's it, I will live with that'."

Another crucial practice was to allow time, space and resource for sense-making and exploratory conversations about what the new design meant for those affected. However, these type of conversations were often missed out of the re-design process.

"There were a bit of… exploration conversations, just trying to understand, especially those people who were saying, okay, now you want me to be responsible for that, how come? And then people had to come in to some… conversations, discussions, to ask all

the questions they might have had, to actually come to that conclusion, okay, now I understand why this decision was taken and now I know exactly what is expected from me to make it happen."

## Implications for practitioners

1.  Keep your customers in mind as you work through the re-design process.

2.  Choose a re-design project resourcing model which is appropriate for your organization.

3.  Allow time for those involved to get a sufficient understanding of how other parts of the organization work.

4.  Acknowledge and work with the fact that re-design may lead to losses for those involved in the decision process.

5.  Acknowledge that time may well be needed to build the required culture and develop the skills to work in the new design.

6.  Be open, be honest and allow time and space for sense-making of the new structure.

# SECTION 3:

# Timescales and pace
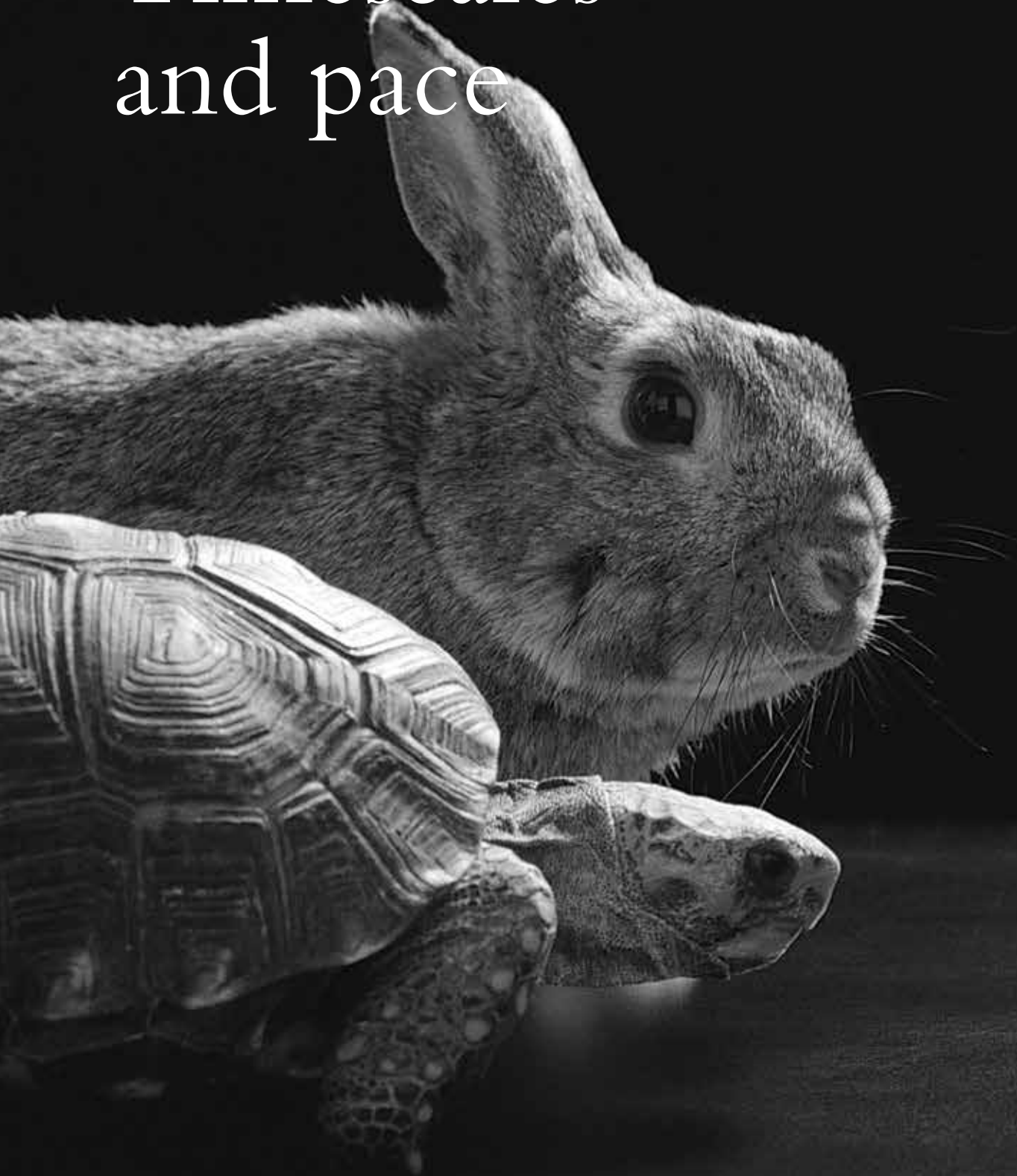
# Timescales and pace

**Time taken**

A recurring theme across all the interviews was that the process of re-designing and re-organizing takes a significant amount of time, often longer than anticipated. Time taken was often spoken about in terms of years rather than weeks and months:

"…pushing forward in a year."

"It has taken a year and we've had to work hard to keep it going."

"It is going to take two years from when you first say it [announce the re-design]."

While a year sounds like a long time to the average manager and the timescale is clearly affected by the scale and breadth of the change, respondents described the pressure on time and resources to get the job done: "but there's just never enough resource to do these things. It's always a rush."

Interestingly, respondents often noted that employees, and those not directly involved in managing the process, may well perceive re-design processes as taking too long, even on fast-tracked processes: "For employees, many decisions take a long time even if you speed it up." This raises the question of how the gap can be closed between the time it takes and the perception that it is too long. While there may be many answers to this question, it is clear that managing expectations on the time taken and the benefits of doing so are critical for a re-design to be seen as worthwhile.

**What takes the time?**

A number of factors contributed to lengthy timescales for re-design. Firstly, a number of respondents reported that they found it worthwhile to spend time up-front on analysing their current situation and challenging their own business models before planning the future state.

A second and commonly reported factor was that involvement and engagement took time: "The involvement [of others] made the design phase very long, protracted, with many meetings." This experience was described a number of times and in a number of different ways by respondents and raises the question about the methods used in engagement. Also, is the balance between time taken for engagement and the benefits of doing so right?

"[We could have] had more time to plan it. You know there just isn't enough time… But there's just never enough resource to do these things. It's always a rush."

Changes in leadership were also quoted as a factor which slowed down the process of re-design. In a sense it is hardly surprising that leaders move on during a re-design process that takes a significant amount of time. However, re-design processes require a great deal of "holding" by leaders in order to manage the anxieties that emerge when power and responsibility structures are in flux.

The importance and role of leaders was emphasised by the theme of "bottlenecks" in the process. One respondent described this well:

"I think our line manager was spread too thin, and that's where all the decision points… were taking a bit longer individually and then collectively, of course, because he couldn't quite afford to concentrate on [all these issues]."

While time constraints of senior leaders involved in the process obviously slowed down decision making, it was equally critical to acknowledge and address the time implications for managers down the line. Important decisions were reported as taking too long, often because key individuals in the process were overloaded or unable to take them: "things start dropping or their teams have to pick up more."

"You should take the time needed / people need more time."

"Start slow to move fast" was a recommendation from a significant proportion of respondents. One stated:

"I see too often that we start running, especially discussing and debating about structures, when it's not always apparent why you want to have a

certain structure… and then, at the end of the day, the whole process can take much longer."

Other respondents stated a number of insights into timing issues that they learnt in their own practice. Respondents recommended taking more time in three key areas.

1. Take time to analyse the "as is situation" to understand the issues at hand: "it was not only profitability but also the processes internally were not running as it should be… [analysis] made it easier to understand what we had to change."

2. Consider the impact of design and structure because "validating what we need to do… would be better at creating accountability." One respondent described the benefits of stress testing the structure they had designed and the positive impact this had on confidence in the team and more widely.

3. Spend more time on involving those impacted by the re-design. Many of the respondents stated that their own re-design processes were hampered through lack of involvement, or involvement too late in the process: "We didn't spend enough time involving people in what [the change] actually meant for the business and the way that people needed to operate."

Knowing when and how to involve people in a re-design is a complex judgement for most leaders. In our work with organizations there is often a reluctance to share thinking about re-design in case this opens up fears or resistance which would narrow routes to design solutions. However, many

respondents argue that involvement needs to happen much sooner. One German respondent advocated: "Involve the Workers' Council earlier. It took several months for us to be really open and in the future I would involve them earlier."

One respondent described what happens at a psychological level when a restructuring process is announced and what this implies for leaders of the process:

"As soon as restructuring things are made open, people's minds are always then dealing with these things instead of concentrating on daily work… so you have to take a lot of time to talk and talk and talk with them to find solutions on the psychological and human level, instead of concentrating on the matter itself which has to be changed."

The implications here are that unless leaders engage with the questions and anxieties triggered by a re-design the processes will a) take longer; b) be less

successful; and c) cause a larger drop in productivity during the process of re-design.

Helping those affected with endings and transitions has been well documented by William Bridges in his book "Managing Transitions" (2009) where he suggests that change processes need to acknowledge that those involved in transitions need to address endings before they can get behind new beginnings. The implications for leaders are described in the stages of transition set out below.

The final point around why people need earlier involvement and more time is that many organizational re-designs mean that members of the organization are often placed into new configurations and required to do new tasks in new ways. Such shifts require members to learn new ways of being and doing. A number of respondents described re-design processes where insufficient time was given to learn new skills. In summary, as one interviewee advocated, those involved
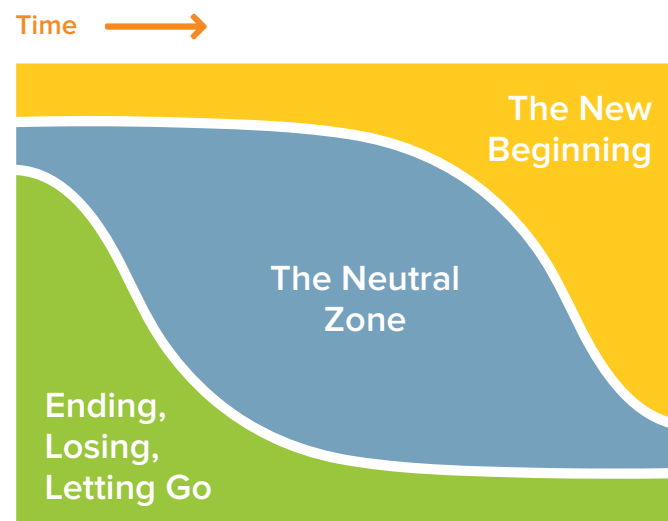
**Time** →



Figure 1: 3 Phases of Transition Bridges, W. 1995 "Phases of Transition", Managing Transitions – Making the Most of Change. Nicholas Brealey Publishing. First published in the United States by Da Capo Press a member of the Perseus Books Group. Reproduced by permission of Nicholas Brealey Publishing.

"Hell of a lot of pressure to do it quickly and visibly… had to be done on relatively short notice without much time for detail and compassion."

in such changes need, "a little more time to really digest the whole idea and also to… learn… some skills."

## You should move fast(er)

While many respondents felt more time should have been taken over the process, others believed the re-design should have been quicker and were left frustrated by the time taken.

"It could have been done in two or three months because really those extra months were not about getting a drastically better solution… we could have done it a bit quicker for sure."

"I think we would want to speed up the selection and decision making process for the most senior roles… and the longer we left it the more I think frustrated people in the process got."

"Probably try to somehow speed it up a bit… if there would be a possibility to make that process quicker… Currently it feels like it's going on forever…"

One respondent believed that the perception of momentum was helped by communicating quick wins through the re-design process: "Lot of quick wins which you can communicate to the [customer-facing] people… makes the people's lives easier… so is highly welcomed."

Other interviewees believed that the delays caused by the perceived "engagement lag" could be avoided by involving those affected much earlier, thus speeding up the process considerably.

"I would suggest doing the change already from the beginning… having an open discussion on vision and mission, and how to improve from

where we already are… getting the organization involved in that process, that might take three/four months or so, but I think we would avoid a lot of the frustrations, so people actually understand why we had to do certain things."

These comments imply that the leaders of a re-design need to make a judgement about the optimal trade-off point between involvement and thoroughness on one hand and momentum and rapid results on the other. The culture of the organization and their personal leadership style may well play a part in determining where they judge this optimal trade-off point to be.

Other factors which seemed to be linked in some way by those who wanted a faster outcome were:

a) More consistency of approach: "… in terms of follow-up routines to have a more consolidated view on what's happening in these five business functions. Right now we leave them a lot of freedom."

"Every function head did his homework, some working with consultants, but we should have worked on the target organization earlier together. It was a bit like fighting for your own kingdom. It would have needed a different approach to force people to work earlier and together on a joint picture."

b) More aggressive, pushing style to the change: "Think we could have pushed it a bit harder a bit earlier. We really wanted the business to conclude for themselves, to show them it wasn't the centre imposing [a design]. But in a

*"As soon as restructuring things are made open, people's minds are always then dealing with these things instead of concentrating on daily work… so you have to take a lot of time to talk and talk and talk with them to find solutions on the psychological and human level, instead of concentrating on the matter itself which has to be changed."*

culture that's used to being told what to do, it's a bit daunting when they're not."

Some respondents described the continuous push for fast results by senior management negatively and as unhelpful in some cases. Others, however, saw it as a fact of life.

"We constantly struggle with patience … did restructure 18 months ago and we should let it settle… but managers are impatient."

"It was already apparent from the beginning of 2014 that the results were not good… and there was quite some pressure from the top to take measures."

"Hell of a lot of pressure to do it quickly and visibly… had to be done on relatively short notice without much time for detail and compassion."

The challenge raised for practitioners is both how to meet the needs and concerns of those senior managers pushing for faster results whilst also being willing to challenge them when this pressure becomes counter-productive. Organization re-design processes are laden with organizational anxiety. Senior manager pressure is often projected downwards through organizations, often at a time when safety and containment are needed most. Judging the most productive course of action and being able to challenge and "speak truth unto power" are critical in these moments of pressure.

### "It was like fixing a running car"

The impact of re-organizing whilst running the organization was described as a significant challenge. One respondent explained this:

"We had to build up a structure and organization that was not existing before, so it was like fixing a running car… this was the biggest challenge other than keeping people motivated to stay in the company…The company lost business because people tend to spend at least some time and energy and emotion on [thinking about] these things, when the client is deprived."

William Bridges (2009) describes the process of transition as taking time, attention and energy. Organizations embarking on re-design need to accept and plan for the assumption that there will be a temporary impact on outputs or client service. In our experience this phenomenon is often ignored when embarking on organization re-design. This is often because the impact is difficult to quantify. There is also a strong temptation to focus on the perceived positive future state while ignoring perceived fears.

### Impact takes time

The impact of re-design takes some time to become evident, with some respondents referring to a minimum of 12 months before benefits materialized:

"It's a long lead time before something really happens - so that you can see whether the structure change has been successful or not."

"We did a survey of 80 managers one year after the change. It showed we are well on our way in terms of transparency, collaboration and decision-making."

"We're 18 months in and last year we hit our targets for the first times in six years…We saw a change after only 12 months."

"We had to build up a structure and organization that was not existing before, so it was like fixing a running car… this was the biggest challenge other than keeping people motivated to stay in the company."

Others had **longer time-frames** for their evidence to come through:

"We monitor staff engagement and client preference very closely, because they're both drivers of sustainable change. They've both risen in the last 18 months."

"Often the IT changes that really enable the change follow in, say, three years."

Some respondents described having established very clear metrics for assessing success in the process, while others described assessments very qualitatively. Our hunch is that culture, scale and context plays a big role here.

Some organizations will be very metric driven and look to establish and track changes to realise the tangible benefits following the re-design. Others will be satisfied with a more "felt" sense of improvement. The challenge is to ensure that such processes don't become overly numbers-focused or conversely so intangible that it is impossible to be confident that an improvement has actually taken place.

**High Level Choices on Approach**

The continuums, and organizational choices in organization re-design described in this section can be summarized as follows:

| Slow | ←→ | Fast |
| Consistency | ←→ | Freedom |
| Aggressive/Pushing | ←→ | Soft/Pulling |
| Involving later | ←→ | Involving earlier |
| Emphasis on tangible benefits | ←→ | Emphasis on intangible benefits |

## Implications for practitioners

1. Get the balance right and stay in the sweet spot of "not too fast, nor too slow."

2. Manage expectations on timing with key stakeholders and those impacted.

3. Be prepared to challenge senior stakeholders wanting to move too quickly.

4. Expect and plan for dips in productivity amongst those most affected, particularly by large changes.

5. Pay sufficient attention to creating and measuring appropriate success criteria.

6. Use Scrum or agile approaches to help inject pace at the same time as involving people.

# SECTION 4:
# Role of consultants

# Role of consultants

- The use of consultancy in re-design within respondent organizations
- Pros and cons of using consultants
- Using consultants: three primary roles
- Implications for practitioners

"This is where the consultancy earn[ed] their money [by taking] the emotion out of it. Let's just try and detach ourselves, let's take that helicopter view, let's do it systematically, based on good practice, and academic research from an external body…how can we apply that in to this and not take it from a totally internal view."

While most respondents described re-design processes which were internally resourced, there were others who described the role of external consultants in the process and the issues with doing so.

Where consultants were involved in the re-design processes, their roles and activities ranged from leading re-design processes to ad-hoc and piecemeal support for individual managers and departments in the process.

Whole processes led, co-led or facilitated by consultants:

"The restructure was led by consultants – no specific method was used."

"Normally it's the heads of departments in my area… and some external consultants."

Specialist and focused support from consultants:

"We engaged a consultant firm and they led process mapping."

"An outside consultant was hired to make an entire inventory of all intellectual processes at the international branch and to map them…They were asked to run a number of task forces with internal people… to fine tune them and to… draft conclusions… for decision making."

Piecemeal support for individual managers in the process:

"Every function head did his homework, some working with consultants…"

## Pros and cons of using consultants

While it can be comforting, especially on large, complex projects to have the rigor and weight of consultants leading and resourcing re-design processes, this comes with risks. While intending to act ethically and in the interests of clients, consultancies are often motivated by maximizing the revenue streams associated with re-design work and may therefore adopt an approach which helps them deliver this, regardless of the impact. The results can often be a lack of ownership of the final chosen design within the client organization. There can also be a lack of understanding of how to implement and work with the chosen design once the consultants have left. However, the blame shouldn't be laid just at the door of the consultancy – buyers have a role to get the right outcomes too.

"I've seen processes where you have consultants coming in and doing your organizational design based on input… the issue I see is that they don't know the business and the business does not

"We had… had a couple of false starts with external providers where we tried to… let them tell us what to do… and that didn't work very well… so our approach was to use the subject matter expertise and the leadership within our own organisation… to supplement it… from external providers like PWC, KPMG, and people like that."

challenge enough whether or not it's meaningful."

One respondent described their (large) organization's search for the right balance of support from external consultants after an initial approach which was led by consultants:

"We engaged a couple of external consultancies. We had… had a couple of false starts with external providers where we tried to… let them tell us what to do… and that didn't work very well… so our approach was to use the subject matter expertise and the leadership within our own organization… to supplement it… from external providers like PWC, KPMG, and people like that."

Another respondent described that at this moment of choosing consultants it is important to be clear about what it is you need:

"Spend more thought on how to choose the external consultant – I would involve team members in the sourcing of the consultant."

Tapping into the knowledge and capability of consultants is obviously a major reason for using external resource. However, some respondents spoke of the need to ensure this capability is transferred to the organization. While many organizations include in their consultancy specifications the requirement that knowledge transfer and embedding takes place, this is often addressed in a cursory manner. More focus tends to be placed on delivering key objective outcomes on which consultancies are measured. The following quotes

lament this reality and also plead for consultancies to do more skills transfer.

"There is a lot of knowledge brought in from external consultant supporting us in restructuring, but the knowledge comes in and leaves again after the project. Not much knowledge remains."

"… a little more time to really digest the whole idea and also to… learn… some skills… but let's hope it's made better that way, probably also there will be the role of the consultancy perhaps there to give us a hand a bit."

However, one respondent who had no choice but to resource a project internally, suggests that there are real benefits from doing this:

"As a former consultant, I have to say it's been the cheapest transformation ever, but there's a real value in it being so badly funded, because it does force you to think through how to do this properly."

Respondents also described the value consultants bring to the process of re-designing organizations. A number described the fact that senior managers in organizations get attached to how things are done, due to their own mental models, relationships and power associations.

"Many people on our Board had the problem of getting mentally rid of the old structures and really thinking something new… and I think any support or maybe external consultants really ought to help the top Board… the top executives, to decide to really widen the perspective before a decision is taken.'

"Spend more thought on how to choose the external consultant and I would involve team members in the sourcing of the consultant."

The ability of consultants to have a wider field of view and to consider a wider range of options is one of the primary reasons for involving them. The other related value here is that, due to their non-attachment to re-design decisions, consultants are able to bring rigor and objectivity to a process that is otherwise filled with anxiety, politics and power. Senior leaders cannot be ignorant of the threat to their own positions and/or future employment during re-design processes. They are likely to go through an unsettling period more positively if they know that there is some external objectivity that is determining the outcome.

"This is where the consultancy earn[ed] their money…[by taking] the emotion out of it. Let's just try and detach ourselves, let's take that helicopter view, let's do it systematically, based on good practice, and academic research from an external body… how can we apply that in to this and not take it from a totally internal view."

"One of the challenges… is getting people to be agnostic about the future… One of the appeals of getting external people to do it is they come with no baggage, they've got no skin in the game, there's a real kind of behavioral thing to get people to detach themselves and say, 'I'm designing a future world that may not have me in it.'"

It is worth noting that even if consultancies do take an objective and rigorous approach this does not prevent subjectivity, power and politics within the organization still shaping the final outcome.

**Using consultants: three primary roles**

The judgement of how to use consultancies depends on a number of factors including:

- availability of internal skills in re-design processes

- internal capacity of people with the right skills

- need for independent thinking

- scale of the project or organization involved.

Given these factors, consulting "buyers" need to be able to assess what help is required and also how they want this help. Peter Block (2011) builds on the work of Edgar Schein (1969) when he suggests that clients and consultants need to be clear about the needs of the organization and what roles are being requested. He posits that there are three primary consultant roles:

1. The Expert Role where the consultant brings in expertise that is lacking in the buying organization.

2. The Pair of Hands Role when "bodies on the ground" are required.

3. A Collaborator who can work in partnership with the client.

"There is a lot of knowledge brought in from external consultants supporting us in restructuring, but the knowledge comes in and leaves again after the project. Not much knowledge remains."

| Expert Role | Pair of Hands Role | Collaborator |
| --- | --- | --- |
| The manager elects to play an inactive role | The consultant takes a passive role | The consultant and the manager work to become interdependent |
| Decisions on how to proceed are made by the consultant, on the basis of his or her expert judgement | Decisions on how to proceed are made by the manager | Decision making is bilateral |
| Information needed for problem analysis is gathered by the consultant | The manager selects methods for data collection and analysis | Data collection and analysis are joint-efforts |
| Technical control rests with the consultant | Control rests with the manager | Control issues become matters for discussion and negotiation |
| Collaboration is not required | Collaboration is not really necessary | Collaboration is considered essential |
| Two-way communication is limited | Two-way communication is limited | Communication is two-way |
| The consultant plans and implements the main events | The manager specifies change procedures for the consultant to implement | Implementation responsibilities are determined by discussion and agreement |
| The manager's role is to judge and evaluate after the fact | The manager's role is to judge and evaluate from a close distance | The consultant's goal is to solve problems so they stay solved |
| The consultant's goal is to solve the immediate problem | The consultant's goal is to make the system more effective by the application of specialized knowledge | |

Figure 1: Peter Block's Three Consulting Roles
Adapted from Block, P, "Three Consulting Roles", Flawless Consulting: A Guide to Getting Your Expertise Used, John Wiley & Sons

# Implications for Practitioners

1. Play your part as a buyer to ensure consultancies focus on the right work and do a good job for you; involve internal team members in the choice of consultant.

2. Be clear about the role you expect consultancies to play, understand the implications of these roles and be explicit about this with the consultants.

3. Beware of wholescale outsourcing of organization re-design processes to consultants.

4. Pay serious attention to knowledge transfer and ensure there is follow-through on this.

5. Use consultancies when you need to challenge the status quo, or require a high level of objectivity in the decision process.

# SECTION 5:

# Engagement and communication

# Engagement and communication

## Section overview

- Engagement and communication: defining their meaning
- Persuasive engagement and collaborative engagement
- The importance of listening
- Effective communication
- Implications for practitioners

"We identified... who we felt in the business was going to be able to give us the best and clearest view of the current and future needs of the business commercially."

Engagement and communication were words often used by managers in talking about both the design and implementation phases of organization re-design. At times the words appeared to be used interchangeably with no particular distinction made between the two. More frequently, however, managers seemed to use the word "communication" more when referring to something that had already been decided, and where the information had been formally shared with the wider organization.

By contrast, "engagement" seems to refer to including more people earlier in the process to enable them to contribute to thinking and ideas generation before the design is finalized, as well as afterwards in terms of how the new design might work in practice.

These distinctions have similarities with the thinking of Philippa Hardman and Chris Nichols (Hardman & Nichols, 2011) where they differentiate between persuasive engagement (someone has already decided a way forward and wants others to agree to it and make it happen) and collaborative engagement, where you seek to get people to provide input to the development of the idea as well as contributing to its implementation.

One variation with this way of thinking about engagement is that participation may include being part of the decision-making process, whereas Hardman and Nichols view collaboration as being an invitation to do just that, but not an invitation to be one of the decision-makers. Organizations are not democracies.

**Engagement includes asking people for their views**

For those organizations where staff were invited to contribute to the design process at an early stage, a key intention was to talk to people who know the business well. While this process was mostly internal to the organization, in some instances managers described holding interviews with external stakeholders, in particular customers, as well as those perceived as industry experts.

The most extensive consultation process we heard about involved 400 client interviews in over 50 countries. Local staff were involved in these interviews which in turn increased their own participation and engagement with the process.

"We take a very, very, simple approach which is, if our people are engaged, and then our clients are engaged, we'll hit our financial results. We monitor staff engagement and client preference very closely, because they're both drivers of sustainable change, and they've both risen in the last 18 months."

It is perhaps no coincidence that this organization saw a several point increase in its staff engagement scores over the following 18 months, despite significant structural change.

Within organizations themselves, managers reported different levels of involvement of staff, both in terms of seniority and numbers. At its widest, the whole organization was involved, with each department undertaking a review of the whole business. The resulting departmental plans were peer reviewed, challenged and fed back with lots of interaction between different business units. The advantage was that people got a lot of visibility about what was happening across different parts of the business. However, time and energy were a challenge as the process took a year with the comment being that it was a lot of "hard work to keep it going."

**There are consequences to little engagement**

One manager also commented that they felt their engagement of staff was too narrow. They felt it focused too much on the senior executive group only. As a consequence, the implementation became, in the manager's view, much more challenging than it might otherwise have been.

One manager also made the contrast between the current CEO and the previous one:

"The new CEO makes himself accountable but he does not involve people in that process. Previously we had an involving process but no accountability and now we have somebody who takes accountability but does not involve people and I guess…. you have the same issues in that people may or may not feel frustrated about the way that this is done."

A respondent from another organisation was even clearer:

"It was driven by one person….local input was ignored. No advice or guidance was sought from the business. Local team were able to bring their concerns and considerations to the table but these were rejected. It was purely a top down driven exercise."

**People feeling heard is important**

Between these two ends of a spectrum of engagement, managers reported undertaking interviews with people from different departments and teams, sometimes on an individual basis, sometimes as a group. They reported that having people feeling they were heard was important, whether or not specific ideas were taken forward, and that this helped with the ease of implementation at a later stage.

For example, when individuals in one organization were appointed to new roles, they were already bought in as they had been included in the process from early on. In another organization, involving people in looking at how things might improve helped to avoid frustration as people better understood why certain things had had to be done.

There was a recognition that this "listening" process can never be entirely objective, however: "if one guy is yelling very hard it's harder to

*"The ambition was defined by the Managing Director of the company. He had outlined a general organization structure on what he wanted to achieve. It was then shown to his immediate references in the Corporate Management Team and [as]… second-in-line [I] was included to give my immediate comments but not allowed to share [it] with my Business Unit Managers."*

ignore." But interviewees noted that it was important to use the skills and knowledge of those doing the job currently. As one said, "I would never restructure my team on my own, without input… in reality people are quite mature, if you take it steady you get to the [best] outcome."

While there were different experiences of how much people were involved in identifying the new design, respondents were clear about the need to engage people to make implementation a success. In one organization the corporate strategy team monitored the implementation projects for the new design, but responsibility for implementation rested with each business unit. In another organization, people in one team took the time to work together on the different pieces of the new design. The team's focus was to understand the interconnections about how things would need to work and how people's roles should change in consequence.

Interviewees acknowledged that engaging people does take more time, particularly in the design phase, because "the people involved also have a day job. You can only push them so far" but that it has advantages in terms of the amount of buy-in that is generated. This was also true for formal structures such as a Workers' Council, where the manager reported that they would involve that group much earlier in a similar process. This theme is explored in the section on Timescales and pace.

**Honest and open communication**

A good communications plan that delivers clear and honest messages to everyone at the same time – not only those affected by the change – were key to respondents in the stories they shared with us. One manager described the importance of having a "solid story" that wouldn't be "blown away" because once that was clear the whole process became "relatively easy to sell" and to gain approval.

Respondents also recognised that informal communications within an organization – those conversations around the water cooler or coffee machine where fact and fiction can become intertwined – often move faster than the formal communications plan. To help with this, one interviewee described making the communication lines as open and with as much information available to employees as possible.

One manager described a very clear communications process that combined information sharing with the process of embedding the required behavior changes. The first part of the process was:

"… one big communications session, that was closely followed up by some smaller break-out introductory sessions, where people could discuss the new behaviors, what landed well with them, what didn't, challenges, etc."

# SECTION 6:

# Roles before people or vice versa?

# Roles before people
# or vice versa?

The theme of the order of structural decision making was a significant one in this research. It boiled down to the question "should you start with an ideal structure first and then work on making this a reality?", or "do you start with the people we have and work forward to what we need based on the people we have?."

This theme led to the following three different responses from interviewees:

 1) Advocating and describing approaches rooted in rigor and adherence to a "clean" and unbiased process.

2) Expressing frustration by those who experienced that the process was somehow tainted by the "Realpolitik" of organizational politics and biased decision-making.

3) Describing the need to both acknowledge the required design and the capabilities of the people already in the organization.

**Design before people**

A significant number of respondents advocated starting with an analysis and design of the organization design in a way which is uninfluenced by individuals or personal relationships and biases.

"What I kept saying, it's the right solution for the business, yes, we've got to acknowledge where people fit into that, but let's get the organization first and then worry about how we do the people bit."

"In the end your structural decisions, what kind of roles and jobs you want to have in your organization… define that upfront."

'I would try very much from the beginning to put the people [in the organization] out of my mind, for the time being, and really only talk about the functions and roles."

Strategy experts Michael Goold and Andrew Campbell support this approach and advocate starting with good design: "For those managers uncertain over how much attention to give to the soft issues, our rule of thumb is: get the design right first and worry about the additional soft issues during implementation", (Goold & Campbell, 2002 p247). In many ways, this analytical and logical approach

"What I kept saying, it's the right solution for the business, yes, we've got to acknowledge where people fit into that, but let's get the organization first and then worry about how we do the people bit."

reflects Daniel Kahneman's (2011) System 2 approach to decision making which he characterizes as logical, conscious, calculating and effortful.

A number of respondents described how they were able to take this 'design first' approach:

"When we look at restructuring teams [we try] separating out the role from the person and really trying to force that and, again, we spend, across our organization… plenty of time… on doing that definition where you separate out the two… and then overlaying the subjective stuff on top of that foundation."

"There have been boxes but absolutely no names in the boxes… we have some ideas of how some of the boxes can be filled but… no outspoken promises to get anybody to be part of box A, B, C or D."

"It made the whole exercise a lot easier when we were forcing ourselves not to think about people, not about the roles and functions that we were talking about, but who could be the people to inhabit those roles. Freeing yourself from that was a huge help."

This need for taking a design first approach was often explained in terms of removing emotion or ensuring detachment.

"Most of the people I was dealing with were engineers so it was relatively easy because it was like systems thinking around organization structures. They know you have to take the emotion out of it."

"Hell of a lot of pressure to do it quickly and visibly… had to be done

on relatively short notice without much time for detail and compassion."

**Thinking about people first – "the dirty secret"**

A significant proportion of respondents described organization re-design processes which started with key individuals and then moved on to thinking about designs which would fit their motivations. Some described this with some frustration (and often in hushed tones). Others were much more accepting and acknowledged that this is the reality of decision-making process in their organization, however flawed such a process might be. In many ways, the decision-making approaches they described were much closer to Kahneman's System 1 style (2011) which is faster, more emotional and instinctive.

"People start designing with names in their heads mainly about the current names in the organization."

"I think it's absolutely true that everyone is always saying that we are not designing around names and persons, but in the end it's always happening."

One respondent spoke about how the personal concerns of participants in the re-design process initially narrowed the range of designs being considered:

"Top level guys in the discussion… while we were talking about organization design, organization development, everybody [was aware] that something was going to change and [they] might lose responsibility, they might lose power. Everybody

was a little fearful about that. You could sense the uncertainty in the process and connected with that also, at least in the beginning, [was] a limited willingness to really reflect about radical designs."

Goold & Campbell recognise the fact that processes are often not optimal and rational: "the design process is often highly subjective and can be influenced more by the power and preferences of senior managers than by rigorous analysis"(Goold & Campbell, 2002 p223). One respondent rather sympathetically explained:

"We were trying to get complete consensus but there's always personal motivators and drivers in these things and people have to try and leave those at the door… They're all human at the end of the day."

### Acknowledging the fit between the people and structure

Taking a pure "design first" approach, while considered helpful, was experienced by some respondents as ignoring the current reality of the organization. One leader of a re-design process in a large public sector organization described in the following way the challenge of fitting existing leaders into a new organization design which did not fit their capabilities or style:

"Part of our service was [being scrutinized by Government] so how you can you change things, it's going to put people's lives at risk. So we had to make concessions on the structure – as a result we didn't see enormous change in our very top

"I think it's absolutely true that everyone is always saying that we are not designing around names and persons, but in the end it's always happening."

tier. They changed their hats but we didn't change personnel that much. That's both a positive and a negative because it provides reassurance… that you've got the people you know and trust delivering your services but at the same time it's difficult for somebody to go from one day being the lead on [service] to the next day being a commissioner or provider of [a different] service."

Goold and Campbell argue: "All too often, organisations…pay scant attention to the limitations of managers who will fill key positions", (2002 p.6). The consequence of not acknowledging the profile of current staff is often significant and not to be under-estimated:

"…70% of our senior leadership population transferred across to the new organization…and that has created problems for us because it's now becoming clear there isn't a fit… and then you have to kind of… go through a process to sort that out retrospectively, which is a lot more challenging than just doing it [through] a restructure… If you've been here for 30 years it's very hard to think yourself into a new way of working."

Goold & Campbell's (2002) approach to addressing this question is to ensure that "people fit" is considered as part of the objective assessment of design options. Their "people fit" test (part of their framework titled Nine tests of Organisation Design) helps address this and asks the question: "Does the design adequately reflect the motivations, strengths and weaknesses of the available people?" (2002, p.5).

Finally, one respondent argues that there should be no fixed place to start the process of organization design. He argues that the job of practitioners is about balancing the needs of different parties at different levels in the organization.

"I think the biggest challenge for an HR professional… is to influence the way that the outcome is defined to ensure that it's the right outcome for the organization, the team and the individuals and trying to balance those three things… I don't think there's necessarily a fixed place to start, as long as you make sure that you've got a route to capture all of that thinking across all of those areas."

## Implications for practitioners

1.  Start with an objective design process whenever possible.

2.  Recognize, accept and where possible address the fact that decision makers do often start with people in mind.

3.  Use appropriate outsiders to support and engender objectivity in the process.

4.  Acknowledge the fit between the design you come up with and the people you have.

5.  Balance appropriately the needs of the organization, teams and individuals.

# SECTION 7:

# Decision making and responsibility
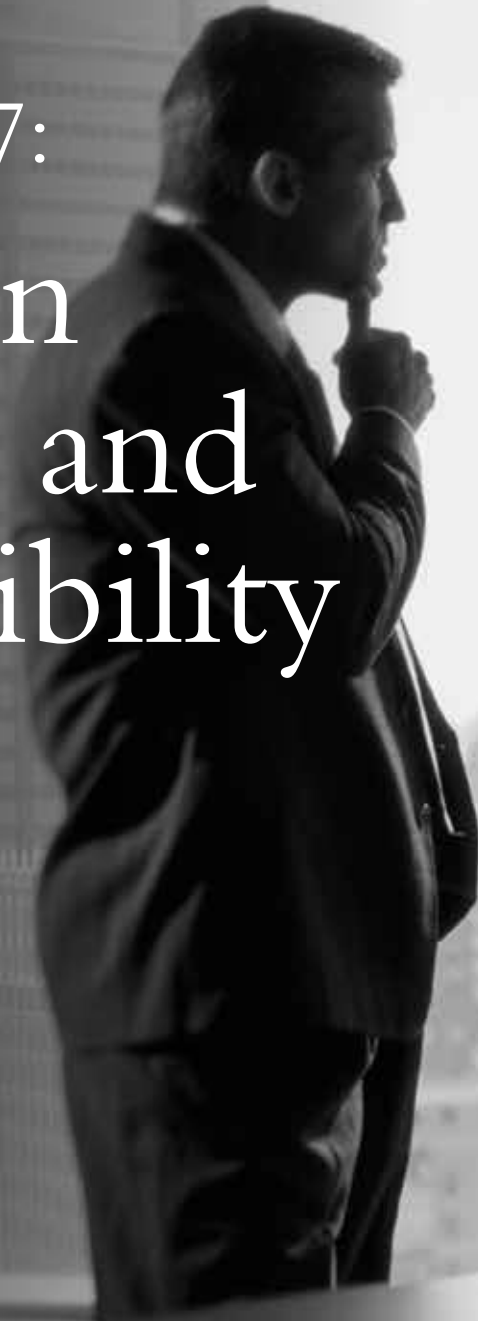
# Decision making and responsibility

## Section overview

- Who takes responsibility for the success of the re-design

- Responsibility for implementation

- Quality of decisions

- Implications for practitioners

Organization restructuring can have profound effects on any organization, whether positive or otherwise. Not only can ways of working change, but the very act of restructuring can trigger uncertainty and anxiety in individuals as they consider the impact on their own position. For that reason we wanted to understand the degree to which it was clear within organizations who felt responsible for implementing a new design. We simply asked "Who was responsible for making it [the re-design] happen?" with a focus on trying to establish who felt accountable for the success or failure of implementation.

Almost hand in glove with the issue of responsibility came comments about decision-making within the respondent organizations. If one definition of decision-making is, according to the Oxford Advanced Learner's Dictionary, "the action or process of making important decisions", we were interested in understanding more about the quality and impact of those decisions.

### Who's responsible for the change?

Several of the managers we spoke to were immediately able to identify specific roles with responsibility for ensuring the success of the re-design. Roles specifically cited included Business Unit President; Divisional Operations Manager; Head of [division name] Group within parent company; and Business Head. Without specific details from each organization it is not possible to tell whether these are peer positions. Nonetheless, it seems likely that the roles are senior ones, probably responsible for significant revenue and cost budgets.

One interviewee, a B2B Director, identified himself as the responsible person. The burden of that responsibility was graphically described with the phrase, "It's my neck on the line... at the end of the day responsibility is with me."

We also heard about situations where responsibility for success was held collectively by a board or team. In one business, responsibility for the success of restructuring was held by a steering committee. In other organizations, responsibility was held by those teams that were normally tasked with running the business. These teams included an operations board, a management team and a general board. As one interviewee pointed out, "Having executive and senior management sign-off is critically important."

"If it comes to HR or staff things, clearly it's the line managers and the HR people [who are responsible]. If it comes to infrastructure changes, accompanied by organization changes, very often the process people are the ones who detect how the organization could and should work. So the lower line managers… [are the ones] who are making the change happen."

## Responsibility for decisions & responsibility for implementing is different

Typically, responsibility for making things happen and responsibility for carrying out such actions are separate. In one organization, for example, there was one HR global process head while departmental heads had responsibility for making things happen within their function, HR IT, L&D etc. In another business the restructuring was "driven by our executive director supported by a matrix team in the middle of the organization that then drove the implementation through."

More generally, in another organization the CEO was seen to have "defined the overall structure and was the lead, but [it was] then up to individual managers to implement it and make it work." In another business it was the five managers whose areas were being changed who were now "responsible to report on a regular basis about their experience, process, next steps, opportunities and risks."

Irrespective of whether responsibility is individually or collectively held, it seems to be important that the sense of accountability is strong and visible to those parts of the organization affected by the change.

In only one organization did we find that the answer to the question "Who was responsible for making it happen?" was "The whole company. It was not single, not just the CEO or a [specific] person." It would be interesting to see how – or whether – staff lower down the hierarchy would answer the same question in the same way and to compare that answer to more

junior people in organizations where responsibility is clearly ascribed to one specific role. Another research topic perhaps!

## Deciding what to stop is as important as deciding what to start

It is sometimes forgotten that effective decision making must sometimes include deciding what not to do, in other words, activities to stop. This can be particularly difficult during the transition from one structure or way of working to the new one: people are still responding to the demands of today's customers and it can be hard to stop doing familiar activities that are known to deliver what the customer wants (even if the new way may ultimately be more effective). This appears to be just as true for the executive level as for more junior levels of the hierarchy: one manager referred to the difficulty their board had to envisage the new ways of working and how that impeded the team's ability to make fully-informed decisions.

Linked to this is a pattern commented upon by a number of managers. Here the decision has been made yet the challenge was around carrying that through on the ground. In one instance it was simply because people did not see sufficient connection between what was happening locally and the wider change. In other organizations it was due to piecemeal implementation, allowing individuals to shape their own view of the world which – unsurprisingly – reflected fears about loss of personal responsibility.

> "We would want to speed up the selection and decision-making process for the most senior roles… there was an amount of uncertainty that just didn't help with bringing people on the journey that we were going through… and the longer we left it the more… frustrated people in the process got."

The outcome emerging from this was less radical than had been originally envisaged.

**Decision-making can take too long**

Several interviewees referred to speed in connection with decision-making. One reflected that, no matter how speedily decisions are made, to employees it feels like a long time. Again this perception of slow pace may reflect the anxiety provoked by the implementation of structural changes. Equally, perhaps some decisions did take too long. One respondent identified this as something to be done differently if embarking on another re-design.

However, speed may also be the consequence of the new structure itself: we heard examples that moving to a matrix structure can slow down decision-making because of the greater involvement from different business areas, even if the purpose of the new structure is to speed up decision-making. Of course there may be a familiarity element here, such that over time decisions will speed up as people become more familiar with the process.

## Implications for Practitioners

1. Be clear about which individual feels personally "on the hook" for the success or failure of any implementation. Who is ultimately responsible?

2. If a management group is deemed responsible, then be clear, in advance, about how decisions will be made if things don't go smoothly and the plan needs to be changed significantly.

3. Think carefully about the pros and cons of having multiple people feeling "on the hook" and accountable for the planning and implementation of any re-design. There are pros and cons of both, but fewer people increases the likelihood of an outcome that is followed through.

# SECTION 8:

# Strategy and "the bigger picture"

# Strategy and "the bigger picture"

This report isn't a piece of research around strategy and, as the word itself can be used in different ways, perhaps it is clearer if we use the phrase, "the bigger picture." Our interviewees used a number of different words in connection with this: strategy, vision, mission, new picture, direction of travel, strategic direction, story and goal. Because we didn't probe into the specifics of their meaning. "the bigger picture" seems a good way of summing up the different aspects that were referred to.

**Rationale for undertaking a re-design**

Earlier in the report we described the triggers for a re-design in the organization, both internal and external. Around half of these can be described as relating to the bigger picture - things happening in the external market to which the company is responding or consequences from changes in the parent company (which, of course, may well themselves be initiated by external market changes).

From the interviews with managers it was not always clear whether such external changes are positive or defensive. One organization, for example, said that the strategy had

to change "given that we're seeing a revitalization of the [industry]", while for another the issue was more about responding to customer changes.

In the external market, competitor activity clearly plays an important role, in one instance specifically because of the importance of new technology. Equally, a change in the market structure may offer the possibility of new opportunities or, equally, may lead to enormous industry cost pressures that demand a response from those operating in that sector.

At the same time, customers also prompted respondent companies to think about their future design. In one organization the re-design was specifically linked to a change in the type of support customers were looking for. Likewise, competitor activity was the prompt for some companies to re-design the organization, in one instance because of the impact of new technology.

Changes in the parent company, such as acquisition, were behind some respondent organizations starting to undergo a re-design process, including the need to rationalize to meet HQ's requirements. Equally, financial pressures – either because of budget cuts or declining profitability – were also important.

*"We had to come up with a solid story that could not easily be blown away, so it was really important that we took our time. Once we could be clear… the whole process of getting approval was… relatively easy."*

Ultimately, one manager described the realities of the bigger picture prompting changes in an organization's design: "… it keeps happening because life changes…" Or, as another said, "[it's the] 'fit for the future' question."

### Creating the "bigger picture"

Irrespective of the strategic triggers for the re-design, respondents emphasised the importance of having a clear story around the rationale for change. For one organization the fact that there "was a burning platform… helped enormously. There was no way around changing things." Another said that their "clear strategy….what, when, how, where" was key.

Because of the importance of understanding the strategic intent, this work was often done by the senior team, using inputs from various sources. This could be using internal data – about goods to be transported and stored, for example – or by looking at what comparable organizations were doing. On fewer occasions, the task was given to an external company which, it was felt, took the "helicopter view" about future possibilities, but mostly it was the board or senior team. Even in the organization where the whole company was involved in what was described as a "fundamental change", it was the board which still reviewed the strategy, altered it and, from that, identified the changes to be made.

### Lessons learned about the bigger picture

As the saying goes, hindsight is the only exact science. Nonetheless there are some lessons that our respondent organizations shared in regards to the bigger picture.

Data is always important in developing the bigger picture. However, analysis needs to be used with caution as it will inevitably have assumptions built into it. Equally, if all your competitors are using the same data as you, then perhaps there is less chance for you to identify what differentiates you from the others. As one respondent said, "… [I] would have listened to industry analysis less because more and more I think it's self-fulfilling."

Data can also be gathered from speaking to people, internally or externally. Our respondents found it beneficial to speak with as many customers as possible to gain as wide a perspective as possible. "We didn't realise until quite late in the process that our buyers would just be in [area] so we should have asked more Chief Marketing Officers or even FDs or CEOs. We should have recorded their feedback and used it to build the case." Another respondent warned, "… never lose sight of what the customer wants and needs. It's not what we want... [we] need to start with that."

Focus was also a significant issue for some of the managers we spoke to, with it being critical whether the restructuring change helped (or not) to deliver the organization's objectives. "What will drive us to become the biggest provider of [service] in the world? It always go back to the strategy" said one respondent. Another described having a strategic imperative "mantra": to be able to grow at a faster rate than the markets in which they were operating. "And each decision came back to this mantra – does it help or hinder us?"

## Implications for practitioners

1. Strategy is key. It is vital to be disciplined enough not to start the restructuring process until the strategic intent of the organization (or part of the organization) that is being restructured, is clear.

2. If the strategic intent is unclear, there is a much greater risk of a less successful outcome. If the intent is unclear, how can decisions be made about the most appropriate structure?

# SECTION 9:
# Other findings
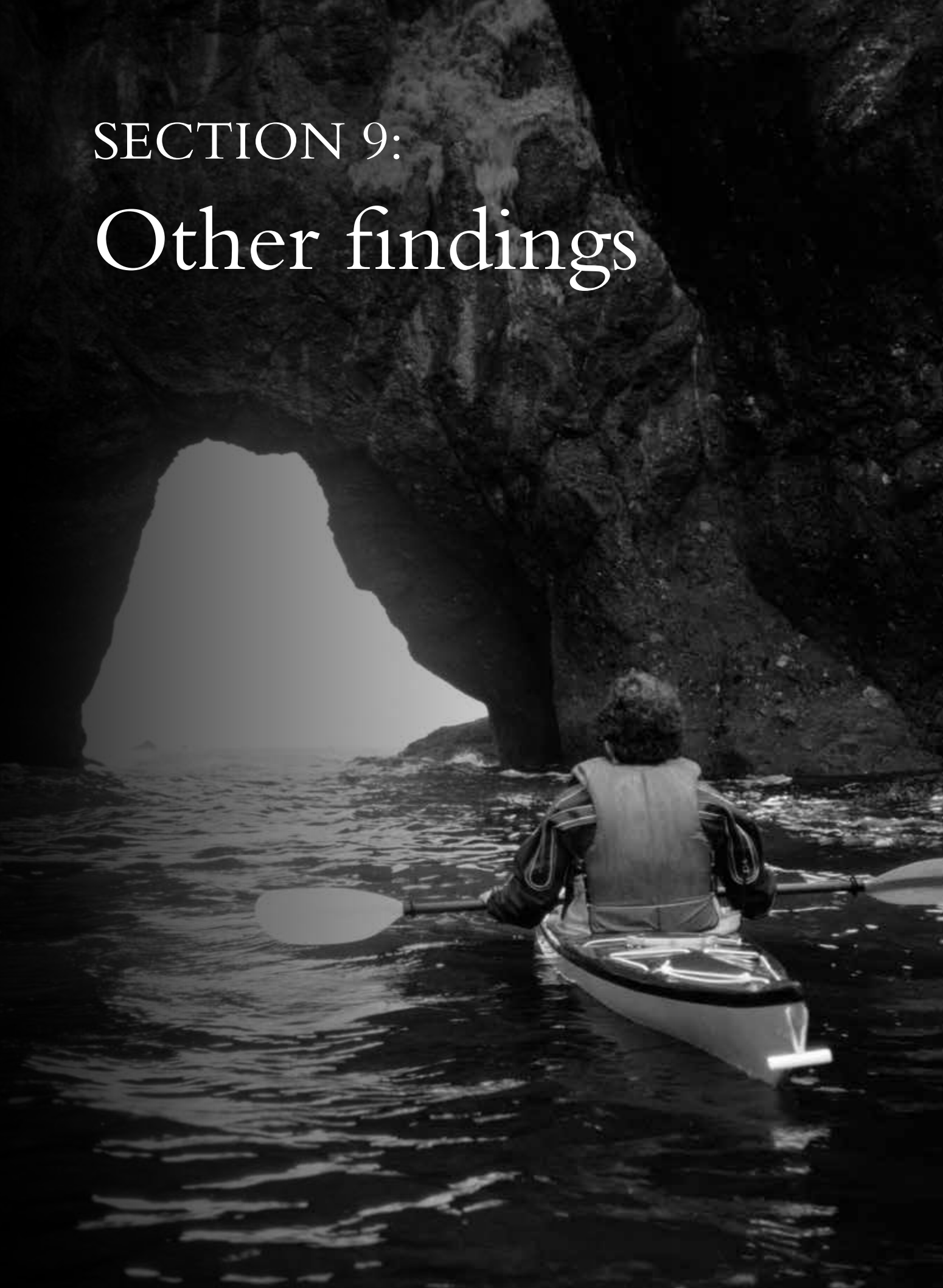
# Other findings

As is always the case in these research conversations, a number of smaller themes emerged during our interviews with the participating organizations. While not reported significantly by number they are nonetheless interesting and we wanted to make sure that they did not go unremarked.

**Redundancies**

Restructuring does not always equate to redundancies, although that tends to be the first thing that people think about when the word is mentioned in their own organization, and the reason that the process invokes so much anxiety. However, it is often the case that a change in departments, teams, roles and reporting lines does mean that some individuals will lose their jobs. Quite rightly, if redundancies are required, the focus is on those leaving, to ensure that they are dealt with fairly and as positively as possible in the circumstances.

However, our interviewees reported that too little emphasis is often paid to those who remain, who often have to take extra workload in addition to their existing tasks. As one respondent described: "Typically the business takes a lot of care with people leaving the business but is less thorough sorting out new job descriptions for those staying, reallocating tasks, taking activities out to make the roles do-able."

As well as the workload, the impact of losing individuals who have been in the company a long time, with a lot of organizational knowledge in their heads and a well-established network, can be an unintended consequence of the restructuring. Ensuring that such knowledge and contacts are retained is important, but often overlooked until too late. By this time, the departing staff may be less inclined to be helpful to their about-to-be former employers. Again, the quality of the redundancy and departure process is important in maintaining goodwill.

Key to the redundancy process, and indeed to the whole restructuring, is that of honesty. While not telling the truth is often done with the best of intentions - phrases we have heard in our own client work include "we don't want to worry people unnecessarily" and, "let's not say anything until we know for definite" – there are serious consequences. Staff often distrust what is being said and work productivity declines as the focus moves to the grapevine and what is being said on it.

This loss of trust makes it much more likely that the next time a restructuring happens (and in some organizations it can be almost an annual process) trust will be reduced right from the beginning. In fact one respondent said that, in their organization, so many

restructurings had happened that now there "are psychological problems in the company."

However, if honesty underpins the whole process there can be a different outcome as one respondent described:

"… probably the most important this is [to} be honest from the very beginning because often times we hear people say we are not going to cut any jobs, when in fact, we know we are. If we are saying we will do our best to save all the jobs but we cannot promise it, it might sound less reassuring of course, but it's more honest at the same time. People do have long memories."

**The realities of change**

As one interviewee said, "[Restructuring can be] easy conceptually." Putting it into action, however, isn't always as straightforward. It may be that the new structure changes the level (or sense) of independence that managers have. For example, one organization we spoke to talked about the impact of a global matrix structure on their local managers around Europe. Previously used to being very independent, the change in structure meant that there were additional reporting lines to deal with and new priorities to take into account.

By contrast, another organization put in place a new framework within which everyone operates, but with minimal input from those more senior.

As the manager reported, "If they don't ask for help, we assume they're happy. This is a very adult to adult world." This was in contrast to the previous structure and way of working where people were "used to parent to child", in other words, a much more top down, directive way of operating. For some people this change may be positive whereas for others, particularly those who are less comfortable with ambiguity, the change may feel very difficult.

One manager also emphasized:

"It's so important to be aware that restructuring is not just about structural change. When we do a change we don't cut off the old relationships but create new relationships, otherwise the old patterns persist underneath the new structure. This has to be nurtured."

Building on what already exists and is working well was cited as important by another organization because, "we don't have a problem with internal performance" so don't want to cause more issues. Another company talked about the difficulties of trying to resolve performance issues at the same time as implementing a restructuring. Perhaps it is best summed up by one manager who described "dialling back your ambition" and doing something that has been proven to work or implementing a change in a more phased way (rather than a so-called "big bang"). These are all choices that the person, or team, implementing any restructuring, has to think about.

## Implications for practitioners

1. Be honest about what is going on. You might not know all the answers or you might be able to say what you do know. But share what you can.

2. Remember to let people know when you will next be speaking to them about what is going on – and make sure that happens, even if there is nothing new to say.

3. Remember the survivors. They may well be feeling guilty that they were not made redundant.

4. Don't just load the work of the redundant people onto those who are left. Make sure corporate know-how is captured from those leaving before they go.

5. The change is not just on paper: some people will relish the opportunities that a restructuring will bring about while others will be uncomfortable and nervous.

6. Put in place the appropriate support so that the business continues to operate well even during the transition period.

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