

Organization Strategy and Design Beyond boxology

For many companies, a new organization strategy means a new drawing – an organization chart with boxes and lines that assign people to positions and responsibilities. But “boxology” by itself rarely yields an organization design that’s effective for realizing business strategy. Many companies can sense when an organization strategy isn’t working, but knowing how to tackle the problem is harder. And an organization transformation initiative can be emotional and difficult under any circumstances.

Shadow boxing

Boxology isn’t the only approach that can create false confidence. Incremental improvements like Lean, Six Sigma or process engineering can elevate some aspects of an organization’s performance without addressing root causes. A company can also find itself fragmented or misaligned over time because of structural changes or even internal politics. The result is an organization that isn’t ready to pursue innovation or to bring all of its attention to bear on customer needs.

That’s why it’s seldom enough just to change “boxes and sticks” on an organization chart. Other organization elements, including structure, capabilities, talent, roles and responsibilities, competencies and performance metrics must change in step with one another for the company to translate its organizing principles into business benefits.

How we can help

To help our clients bring these needs together, Deloitte has developed the Organization Strategies method. It addresses five critical subject areas:

Organization assessment – A look-before-you-leap diagnostic that allows organizations to pinpoint where current-state problems may lie.

Organization design, job design and workforce transition – The collection of geographical, functional and other matrices people tend to think of when organization strategy is on the table – as well as the decisions on who fills which role. By using job design to refresh the relevance of each job description to the person in that role, the whole organization works better.

Decision rights – A formal organization structure includes formal lines of authority, but companies have informal patterns of authority that matter just as much in day-to-day operations. Who needs to sign off? Who will start a turf battle? Our RACI assessment (who’s Responsible? Accountable? Consulted? Informed?) helps make sense of the answers.

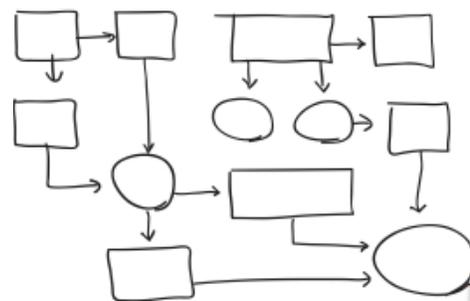
Shared vision and goal alignment – An analytic approach to quantifying organizational alignment across functions and service lines.

Globalizing work – Each of the concerns above has to work across countries, languages and generations.

By addressing these areas from the outset, our Organization Strategies team provides an integrated, targeted and consistent approach to solving organization transformation challenges. We deliver a scalable approach that can be applied to projects of any size.

Bottom-line benefits

- Organization structure aligned with business strategy
- Definition of roles, responsibilities, positions, activities and accountabilities to help drive employee behavior to effectively execute daily business operations and achieve business objectives
- Operating model that can adjust to market changes
- Integrated structures that support collaboration and reduce silos



Four ways to get more value now

Organization strategy – the way a company is organized to deliver against business strategy – often manifests itself as a haphazard mix of various structures and performance drivers that have evolved over time. Often, they're based on politics as much as business value. The ability to deliver against business priorities may suffer because a company is too disjointed to pursue overall operational excellence, too fragmented to achieve the collaboration required for innovation and too distracted or unwieldy to focus on the customer or constituent. Many companies can sense when an organization strategy is not working but are unsure how to tackle the problem. In order to better manage organization transformation, remember to:

Create a fully integrated, end-to-end approach that takes into account organizational transformation, people, process, strategy and technology.

Design around sustainable results by thinking broadly about how to change behaviors through effective governance, decision rights and job design in addition to organization design.

Start with an organization assessment to diagnose root causes of organization challenges and align transformation activities with business performance goals.

Use decision rights as the "glue" that links formal and informal governance processes, reinforces required behaviors and sustains the new organization.

Organization Strategy and Design in action

- A global pharmaceutical company developed a global operating strategy to drive sustainable pipeline delivery over the coming decade. The new strategy represented a significant departure and required unprecedented transformation of the research organization. We helped this client define a macro design to improve franchise and function alignment, support sustainable and scalable pipeline flow, simplify its global footprint, improve asset utilization and clarify roles and responsibilities. As part of the transformation, we were able to help the organization reduce management and leadership positions by 25 percent.

- A U.S. medical device company needed to consolidate its contact center organizations into one virtual shared services organization that would support companies across the U.S. We helped the client gather data through voice of the customer activities and activity analysis and conducted organization design workshops to validate organization design impacts, future state high-level and detailed organization structure, roles and responsibilities, performance metrics, competencies and career paths. The interaction model we helped the client to develop outlined the handoffs between the contact center employees and operating company functional areas.
- After a large acquisition, a top-five U.S. bank had new size and scale – and the opportunity to review its organizational effectiveness. Deloitte helped conduct an organization assessment to identify improvement opportunities within the bank's investment function. Goals included support for business segments in addressing changing client needs, scalability to meet current and anticipated growth and a mission to become the highest-performing bank-held asset manager in the industry. To move the organization and its employees to the new structure within a tight time window, we created an implementation roadmap and a step-by-step transition plan.

Related insights

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