Designing Your Organization to Meet the Challenges of a Disruptive Future

Overview

Business leaders are losing sleep because change is occurring at an unprecedented rate—disrupting every facet of business and making competition a test of the fittest on a global scale. Organizations face a variety of external concerns, including an ever-changing geopolitical climate, economic complexities, emerging technologies, and fierce competition. Internal issues, such as productivity, employee wellbeing, and the need to maintain a steady talent supply, wreak their own havoc. All of these changes point to a need for organizations to adopt a much more flexible organization design (OD) and structure—or else risk falling behind in the marketplace.

In effect, the future of work is colliding with today’s businesses—and not just on one level. Across all sectors and geographies, regardless of size, the organization as a whole must be capable of innovation, adaption, and speed. And organization design is key. Drawing on Bersin’s High-Impact Organization Design research, this article explains the importance of organization design and sets the groundwork for designing a high-performing organization that can navigate external and internal business environments.

In This Article

- Finding flexibility in organization structure
- Three guiding criteria for organization design
- High-level issues to consider before redesigning an organization
Say Yes to Flexible OD: Become an Adaptive Organization

In a business world in which every decision is measured, analyzed, and quantified to reduce waste of resources and effort, many organizations are turning to new technologies to help them remain competitive. From workforce ecosystems (including both gig and no-collar workforces) to predictive analytics and pervasive computing, many organizations are fundamentally changing how they operate in today’s always-on business environment. Adaptability is the new imperative.

While important, however, this almost single-minded focus on keeping up with the changing marketplace is causing new pain points for organizations. Often, they realize that their existing models of leadership, decision rights, work design, and legacy processes are not flexible or agile enough to keep up with—let alone get ahead of—the fluid markets in which they struggle to compete.

Companies are beginning to recognize that they should build flexibility into their organization design. As such, forward-thinking executives now look to new management structures and more adaptable processes. This encourages leaders to adopt more flexible, team-based approaches to help companies adapt new technologies and methods more efficiently while maintaining their core business competencies. 

**KEY POINT:** In today’s always-on business environment, **adaptability** is the new imperative.
From Strict Structures and Rigid Processes to Flexible Organization Designs

One of the greatest pain points many organizations face today is the length of time it takes to respond to changing business conditions due to the strict, top-down decision-making process that their current structures impose.

Because hierarchical structures require that key decisions be run up the chain of command before an answer is delivered, businesses relying solely on this type of management model are often slow to respond and often find themselves lagging behind their more flexible competitors. In comparison, adaptive companies that create flexible organization designs are better equipped to diffuse information to important members, support teams that need to perform, and make agile decisions (see Figure 1).

Figure 1: Current State versus Future State of Organization Design

Organization design can address these issues by fundamentally changing how management structures and processes work. Remember that hierarchies are with us because they enable scale, consistency, and efficiency—but historically, they can also reduce responsiveness and agility. Organizations can address these issues by:

- Being more mindful of their design choices
- Using structures that are fit for purpose
- Approaching decisions related to workforce, work design, decision rights, and rewards systems with an eye toward allowing individuals and working groups to take ownership of time-sensitive decisions

Remember also that you can effect change within existing hierarchies, adding support for adaptability without necessarily replacing the underlying structure. It all depends on the balance of efficiency versus adaptability desired and the appetite and support for larger change.
Design Traps: Emerging Trends in OD

Organizations need to design flexibility into their structures and encourage communication across departments. Generally, businesses should be more mindful and intentional with their organization design—incorporating a broad and systems-oriented perspective. Before starting, however, you should understand your organization's aspirations, motivations, and objectives, as well as related relationships and accountabilities with key stakeholders.

OD decisions should be made in keeping with the business strategy. Organizations that fail to ask how the former supports the latter can fall into common design traps. We believe that companies considering such structures should think about why they want to redesign their business and what they hope to accomplish before embarking on any radical reorganization plan.

For example, organizations commonly mix structure and the pursuit of being flatter as the purpose or end game of OD. Being flatter can have benefits in the context of an organization's strategy, but when done out of context or for the wrong reasons (e.g., chasing cost efficiencies), it can create more harm than good. Considering these guidelines can help organizations better position themselves for adaptability when getting started with OD.4

To help address these questions, we believe companies need to consider three main points:

- **Design for fit—not just for flat.**
  - Are you trying to flatten your organization because it's the trendy thing to do, or do you have a legitimate reason to adopt a new structure? Does it fit the need / purpose for different parts of the business?
  - Consider your organization's aspirations and the value you think a new structure—along with practices, models, and adaptable processes—can provide before changing just for the sake of change.
  - Structure is important, but consider informal networks in design analysis and decisions as well. Think about the whole design of your organization as both a formal and informal process.

- **Design for flow.** “Designing for flow” is not always about trying to make people faster or more agile. Rather, “designing in the flow” is about understanding what conditions or environment may be needed for your strategy to succeed and then creating a flexible design strategy that promotes flow. For example, Bersin's High-Impact Learning Organization research5 finds that mature organizations are more likely to focus on creating conditions for productive learning instead of merely relying on the content of their learning platforms. Mature learning organizations accomplish this by focusing on outcomes, using data to guide decisions, and promoting a culture that celebrates learner curiosity.
  - Think about how a new management design can help your organization break down existing barriers and silos, in addition to promoting the free flow of talent and knowledge /
information across various projects encompassing all parts of the organization.
- Can creating a more fluid organization help your company more quickly adapt to changes in the marketplace and maintain its competitive advantage?

• **Design as a process, not a project.** Organizational flexibility is the key. The idea of an adaptable organization represents a fundamental shift in operating and management philosophy that enables large-scale global organizations to operate with a start-up mindset and drive modern people practices that enable enterprise agility through empowered networks of teams. If the only true constant is change, then organizations considering new models for the design of work, the workforce, leaders, decision rights, and reward systems should incorporate a design that will allow them to keep changing with the market in which they compete.
- Organizational change should move away from being only a “one and done” project; companies that learn to see organization design as a set of always-on practices can develop adaptable processes that will help them minimize—and possibly avoid—highly disruptive and expensive reorganizations.
- If your organization can accept that the marketplace no longer operates in a steady state, then you can gain a competitive edge by designing a new, fluid OD and flexible processes that can adjust to changing conditions.

**Conclusion**

While there may not be a “right design” for your organization, we do believe there is a “right design mindset” or perspective.

Every business is different—what works for one organization may not be ideal for another. As such, the most critical considerations to keep in mind when starting any restructuring are to:

• Determine why you are undertaking the project in the first place
• Decide on the goals you hope to achieve when you are finished

Understanding the underlying principles of mobility and accountability can be useful in helping organizations develop the practices, models, approaches, processes, and structures that can help drive their future thinking and success.

Bersin continues to explore high-impact organization design, which can help outline ways in which businesses can address these issues and develop a plan to create a more dynamic, fluid, and agile enterprise that unlocks the adaptable organization. We plan to release more of our High-Impact Organization Design research to help guide your organization on its OD journey. So, stay tuned!

**KEY POINT:** Companies getting started with organization design should consider three main criteria: design for fit, design for flow, and design as a process.
Key Takeaways

- Organizations face new challenges to stay competitive in today's fast-paced, technology-driven marketplace.
- Be mindful of your design, and don't just chase flat—think about fit and your ability to adapt when needed.
- While there may not be a right design, Bersin believes there's a right design mindset.
- Regardless of how structured or unstructured you want to be, design to increase flow of people, talent, and knowledge around the organization.
- Change the environment itself to make adaptability easier.
- Organization design decisions should be made in alignment with the business's strategy.
- There is no such thing as a steady state anymore—think of organization design as an ongoing process or a set of continuous practices.
Endnotes
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