

Adapting for the future

Organisation Design and Workforce Analytics



It's a complex environment out there.

With digital disruption, new market entrants and changing customer demands, businesses need to move fast to compete.

Yet for most organisations, 'operating models aren't changing at pace' (Accenture Strategy, 2019, p. 2).

Having an effective organisation design is essential to enable businesses to respond quickly to market changes. So, what's stopping them?

What are the barriers to achieving effective organisation design, and how can they be overcome?

In this white paper, we explore how organisation design and workforce analytics help businesses adapt, compete and thrive.

We look at the value of taking a data-driven approach to organisation design and make these three recommendations to help organisations become future-ready.



Take a data-driven approach



Build internal capability and collaboration



Fluidity in the design

The changing state of organisation design

Constant market disruption means that organisations' strategies are continuously changing. And to be able to deliver these shifting strategies, operating models need to be flexible, so they can easily be updated.

With this accelerated need for change, organisation design has moved from being a process of discrete change projects to a continual process of adaptation.

A survey by the Corporate Research Foundation (2018) found that



of respondents said their organisation had reorganised in the last three years or were in the process of doing so.



expected a significant restructure over the next two years.

Strategy always comes first

Organisation design is complex. There is no one-fits-all solution.

There must be a clear strategy first. This does not need to be in the form of a document – although that's usually helpful. It just needs to be understood well enough to inform and guide the design work.

Organisations then need to look at how the different elements of their operating model (the roles, positions, employees, processes, technology, internal and external networks and more), come together as a system to deliver the strategy. And customer experience needs to be at the heart of this.

With the need for ongoing change, comes a requirement for organisations to have the right skills, people, tools and processes to create and implement the organisational designs.

So, how do organisations meet this challenge?

- ▶ We've based our recommended approach on our extensive experience with several complex organisations over the last ten years.
- ▶ We start by outlining the importance of adopting a data-driven approach.
- ▶ We then present the importance of building organisation design and analytics capability and increasing cross-functional collaboration.
- ▶ Finally, we look at the benefits of fluidity in the operating model design and approach.

1 | A data-driven approach to organisation design

'You can only bring about effective change in your organisation if you can see what is going on in it'

Morrison, 2015, foreword xi.

We agree. To be able to design your organisation, you first need to understand it.

1.1 Avoiding siloed organisation design

In the past, it has proved extremely difficult to bring all areas of an organisation together, let alone analyse it and make recommendations for holistic change. As a result, a lot of approaches to organisation design have been siloed and haven't adequately considered the impact of changes on the whole organisation.

In our organisation design projects, we always take a data-driven approach. Decisions are not based on numbers alone but on data about people and processes and linking these to overall business performance.

1.2 Investing in workforce analytics

A study by Tata Consultancy Services showed that only 5% of big-data investments were in human resources, where people analytics typically sits.

Without investment in the right tools, organisations will struggle with data quality and will not fully understand the point from which they are starting (their 'as-is' state).

We see many organisations trying to analyse using their existing HCM system, multiple spreadsheets, or PowerPoint to build organisation charts.

In all but the most simple of cases, these approaches fail to provide the insight needed, as they don't connect all the different data sources. It also means there is a high risk to data consistency and accuracy, particularly as different scenarios are tested.

Gartner's 2020 Future of HR survey highlighted in 2020, organisational structures are often poorly mapped to workflows and networks, especially as operating models evolve. The two most significant concerns amongst HR leaders regarding future workforce were



outdated work processes.



outdated organisation structures.

To get this visibility, tools like OrgVue provide an incredibly quick and powerful way to map structures and processes and adapt these on an ongoing basis. But OrgVue can only be effective when the data uploaded provide an opportunity for comprehensive analysis.

1.3 Using technology to drive data-driven design

We use OrgVue to support our organisation design projects, as it connects data on people, processes and systems, enabling organisations to view the whole organisation. Once the data are in the system, OrgVue helps us test various models quickly.

What are the key benefits for clients?

- ▶ You can visualise the organisation and all the interactions between the elements of the operating model
- ▶ You can rapidly understand the existing organisation, diagnose the problems and identify opportunities for change
- ▶ You can test and model different scenarios and immediately see the impact on roles and processes
- ▶ It supports you in following a consistent approach, that is clear for everyone involved, resulting in greater buy-in

However, to adapt and change, it is not enough just to have the data, the tools and technology. You also need the capability to analyse and model the designs.

2 | Capability and skills - who does organisation design, and how do you do it well?

2.1 The owners of organisation design

Although organisation design and managing organisational effectiveness often belong to HR, we believe they can sit anywhere in the organisation. They could fall under the remit of the COO, or HR could be a centre of expertise working with teams across the organisation.

Is there the required capacity, skills and tools for analysis, scenario modelling and design right now?

2.2 Build better capability

Gartner's 2020 report found that



of respondents said that leaders aren't equipped to lead organisational restructuring.



said that they weren't sure how to design the organisation to be faster and more responsive.

Organisation design capability is lacking in most organisations.

So, what can organisations do to address this and build the required skill sets?

2.3 Analytics dedicated to operational effectiveness

Unsurprisingly, organisations need analytical roles to understand data from across the organisation and present actionable insights.

To build this analytical, forward-looking capability, we recommend that specialised analytics skills are developed in every large organisation (whether they are acquired by recruiting new talent or developing and bringing in external experts).

Concentra goes a step further and advises creating a dedicated Operational, Planning and Analysis team in HR, an equivalent to FP&A in Finance (Concentra, 2019).

2.4 Collaboration – a cross-functional design team

An EY study shows that 'there is a powerful link between business performance and the extent to which its HR and Finance leaders collaborate'. (EY, 2014, p. 4).

One way to help achieve collaboration when carrying out organisation design is to build a multi-skilled cross-functional design team.

In a collaborative design team, team members bring different perspectives from the different parts of the organisation; they:

'exchange and build on the ideas as the work progresses... and they work on an iterative basis – the result is a richly textured design which has the backing of people at all levels and in all roles'

Stanford, 2018, p. 19

2.5 Empowering teams to make decisions

Gartner found that organisations can increase success by up to 22% by taking an open-source approach to change management and '*pushing decision making and planning deeper down into the organisation*'.

We advocate this approach. On our organisation design projects, we engage with stakeholders from across different functions, locations and levels. Not only does this help to ensure the customer perspective remains at the forefront of any design, but it also ensures that the impact on the whole organisation, rather than on individual areas alone, is considered.

3 | Fluidity in operating model design

3.1 The economic advantage

Research shows that agile organisations have nearly three times the earning advantage as their non-agile competitors (Accenture Strategy, 2019). And being agile is becoming increasingly important for all organisations. They need to be able to act fast in this unpredictable economy. So, how is this relevant to organisational design?

3.2 Fluid Organisations

In addressing agility in relation to organisation design, consider what the design itself needs to enable.

First, designs need to transform operating models from being *'static and mechanistic to flexible and fast'* (Accenture Strategy, 2019), so that the organisation can respond quickly to change.

To achieve the pace and flexibility, we recommend that some elements of the organisation should be 'fluid'. This fluidity enables a shift from rigid hierarchical structures (which can limit the speed of decision making, innovation and change), to a flexible network of teams. Fluid teams are empowered to make faster decisions and take a test and learn approach, led by data and the overall vision.

In practice, this means that some roles will work in evolving and changing teams. They will have

a 'home base', but they may work on multiple projects and in different scrums at any one time, moving between projects as and when required.

This set up typically suits roles that are focused on changing the customer proposition, launching new products, or implementing IT solutions. Despite the fluid nature of the structure, the roles will have well defined, clear accountabilities.

For some areas of organisations, where processes and roles are more consistent and structured, such as some finance teams, we recommend that they remain static. However, they will still interact with the fluid organisation and will be aligned to the same guiding strategy.

3.3 Fluidity - what is the impact on how you do the design?

There's no longer the time for organisations to change their whole model again and again. Instead, we recommend organisations adjust the operating model on an ongoing, iterative basis, as and when it is required.

These changes may impact individual parts of the organisation only. What is important is that they are made where there is a need to align with the evolving strategy. This approach also means there is less disruption and cost to the overall organisation.

Summary

Organisations need to be able to adapt quickly, to meet changing strategies and customer needs. Organisation design should always bring together the different dynamic elements of the operating model.

We recommend a data-driven approach (supported by tools like OrgVue) is used to drive a deeper understanding of the current organisation, ensuring better future designs.

We highlight the value of having a collaborative, cross-functional and empowered design team so that changes are not siloed. Analytics skills need to be in place, to monitor the operating model and make actionable recommendations on an ongoing basis (due to the pace of change most organisations are facing).

Finally, we recommend that organisations should consider building a network of fluid teams that take a test and learn approach to their projects, so that they can act, change and learn faster.

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