

A black and white photograph of a road stretching into the distance, shrouded in thick fog. A single tree stands on the left side of the road. The road has a dashed white line down the center. The background is a uniform grey, representing the fog.

Collinson

Grant



Dealing with the 'new normal'

Where next with organisational design?

5th August 2020

Are you fit for the journey?

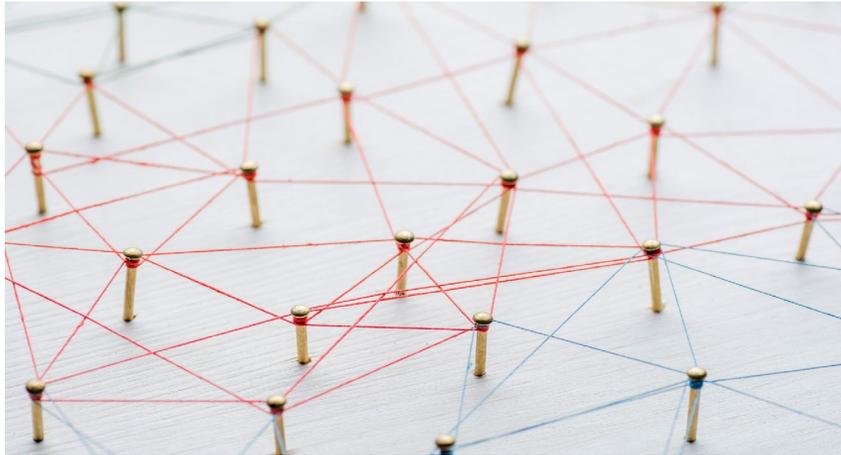
Where next?

- You have survived the initial disruption and taken steps to adapt and stabilise, but in an environment that is still evolving we are all asking 'where to next?'
- As a rule of thumb, we believe that senior managers should spend about 80% of their time focussing on the immediate challenges of running their business or function and dealing with the short to medium term. This leaves 20% of the time for longer term strategic thinking, and in times of great change, as now, it is essential to devote some structured time to considering what lies ahead and the opportunities and pitfalls
- We hope that these webinars form part of that 20%
- So many long-established trends have been disrupted that we need some genuine 'out of the box' thinking to open up conversations and to question things that only a year ago would have been considered outlandish
- Today, we will consider some of the implications for organisational design (OD) as they have emerged from our discussions and current work



New thinking: realigning the organisational framework

If your strategy has changed then your structure almost certainly needs to follow



- Firstly, it's important to remember that OD follows your strategy, so if your strategy has changed in the last few months then logically your organisational structure needs to be reviewed too
- For instance, some of our manufacturing clients are switching to new products. An increased need to develop new products requires a focus on innovation, project management, agile sourcing and rapidly getting products and services to market, as opposed to a structure geared to do essentially the same sorts of things repeatedly, but ever-more efficiently
- Other clients are seeing their mix of sales channels swing heavily towards digital and most have sadly been through, or plan to make, redundancies. Cutting the costs is the easy bit. To make it work requires a rethink of the organisational structure – not just as a means of making savings but of ensuring that the changes you make to headcount are sustainable in the long term and performance and service do not drop
- This means putting people into a structure that gives a framework to direct their energies effectively and maximise profit. Consider the big questions – should we have a structure which is more integrated or more devolved?
 - Implementation is key. Poorly planned changes, confused reporting relationships, unclear responsibilities and communication links, and unskilled managers can mean the costs you thought you had removed creep back over time to 'plug the gaps'

New thinking: structures

Challenging some old assumptions



- Structural design has traditionally operated on certain assumptions about breadth and depth, which have been slow to take account of technology. Spans of control (SOC) is an obvious one
- In fact, many organisations we work with haven't previously worked out their optimal SOC but tend to replicate what was there before or default to it being the number of people they happen to have in that specialism. This misses the opportunity to make better use of managerial time and capacity
- Even when attempts are made to 'calculate' an optimal SOC, geographic spread of staff carries a heavy weighting in most models, (narrowing the span) but this ignores the now universal adoption of video conferencing
- With less emphasis on the need for physical proximity perhaps wider spans are now possible, leading to designs with fewer managers but enhanced managerial and communication skills?

New thinking: organisational capability - people and skills

Changing skill requirements

- Given the desirability of such skills have the changes left some managers 'square pegs in round holes'?
 - Training may be needed to allow staff to adapt
 - Leadership has certainly taken on a greater premium, especially the ability to communicate. But what and how?
 - Previously, having your head down in the corner office, first in and last to leave, may have been seen as a good thing – 'setting an example', but that no longer has any relevance, so new examples need to be set using well understood and transparent productivity-based measures. Do your managerial systems provide this?
 - Some managers may simply not be cut-out to manage effectively without the physical proximity of being in the same office and are no longer a good fit in that role

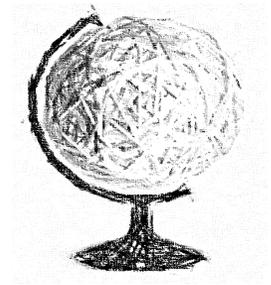


Tasks and time changes

- What about the time set aside to perform key tasks? For example, travelling time has always been a key determinant of the number of people required for peripatetic roles – regional managers, account managers, sales staff, but if contact has moved more online then fewer such staff are probably needed to maintain service levels

New thinking: resource options

- Finally, a note on globalisation. If we follow the WFH phenomenon to its logical next step, then some seismic changes may well be coming to the labour market
- The last 20 years of globalisation has been a powerful driver of wealth, exemplifying Ricardo's theory of comparative advantage, but there have been some losers. Middle-class professionals have been largely insulated from the competition for jobs and rates of pay, but much wider competition for roles is now possible
- Head office jobs that can be done just as well in Newcastle as in London open up new pools of resource and talent. Even wider than that, why should they not be anywhere English is spoken to a decent level? The trend for using overseas labour for lower skilled jobs, exemplified by the outsourcing boom, will now surely move to senior roles, not through an outsource partner but directly employing remote talent
 - Problems of immigration law, visas, and relocation costs disappear in this economy so why can't your next Finance Director be based in Warsaw or your next IT manager be based in Budapest?
- Yes, there may be difficulties – time zones need to overlap, and there is something very human about needing to meet people, but that can be accommodated by a monthly face-to-face meeting. The saving on employment costs would easily outweigh the odd EasyJet flight
- Even within the same country the concept of variable rates of remuneration depending on where staff live may become more common, with employers encouraging staff to move away from London and live wherever they want – the cheaper the area the better. Facebook has announced this sort of offer recently for it's Silicon Valley staff

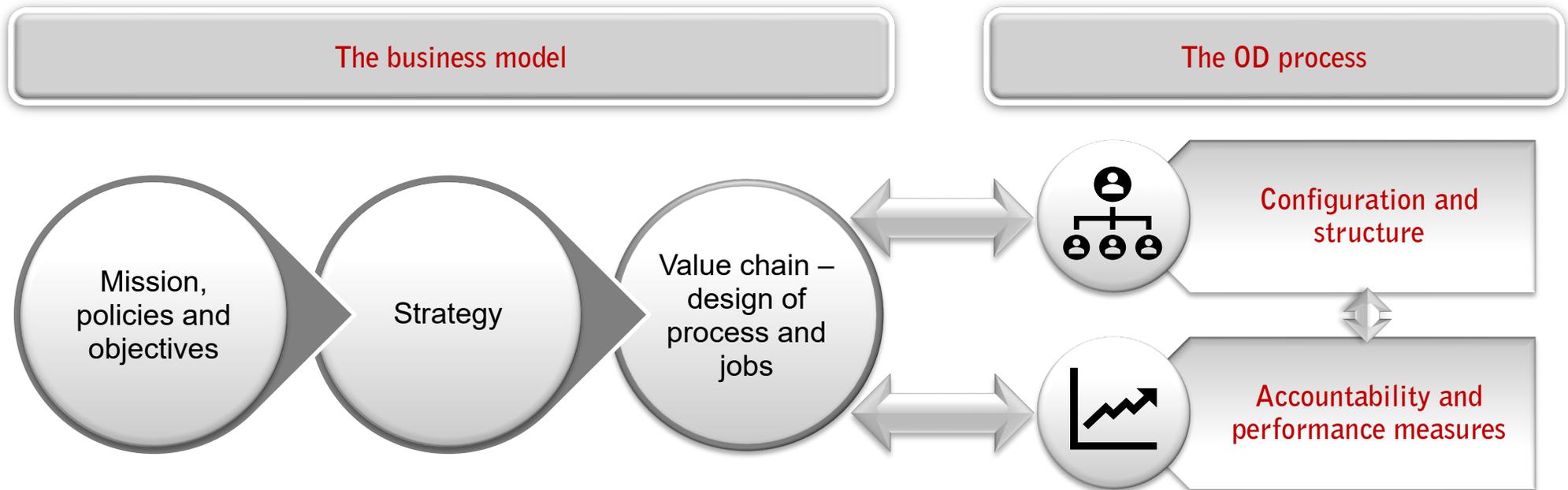


Organisational design summary

- We are still driving through fog with a very limited field of vision, but we all now know that this uncertainty isn't going to end any time soon. This has become a twisted sort of certainty in itself, which we have to deal with
- Connectivity is in flux. Core connections have changed over the last four months, along with your strategy
 - customers (less cash, more demanding, different terms and conditions required)
 - suppliers (also going through upheavals and may disappear or change beyond recognition) and
 - staff will change in both numbers and composition
- This has serious repercussions for organisational design:
 - structures – key assumptions behind how structures are designed and built have now changed
 - capability – required managerial skills have changed and this effects both existing staff and capabilities needed for the future
 - resourcing – wider pools have opened up for those businesses willing to take advantage of it (including poaching your own talent)
 - resilience /durability – do you have the controls, the flexibility to change, and the measures to tell you when the structure is the cause of problems with costs, service, performance, delays, morale et cetera?

Questions and answers

- Collinson Grant has carried out hundreds of OD projects working to remove managerial layers, to design and set up new structures, accountabilities and procedures. We have done this in aerospace, construction and building products, consumer goods, distribution, energy, engineering, nuclear and transport. In central Government departments we have streamlined operations and helped Executive Agencies to integrate new services and reduce costs





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