Organization design as a key strategic lever

Most senior executives would readily acknowledge that their organization should be structured in a way that allows them to deliver their strategy. "Form follows function" is a tried and true expression of this basic principle.

But beyond stating that this should be so, how many senior executives actually take the time to look at organization structure to determine whether it will actually allow them to deliver their stated strategic purpose? Our experience suggests that many senior people stop short of asking some basic questions that would help them determine whether their structure is suited to their organizational purpose.

If you're thinking about structure, and asking yourself "how confident am I that my organization is structured to deliver our strategy?", here are some basic questions you can ask to assess at a high level, your organization's structure/strategy alignment:

1. **How (or why) did we end up with our current structure?** Organizations are always created around a set of design principles -- whether they are implicit or explicit. Has your organization structure evolved over time due to changes in the market? Have you got to where you are by design or default? There should be clearly stated design criteria that have been established to create an organization that is suited to a purpose -- delivering on strategy.

2. **Do we have the capability to achieve our overall targets?** Capability is a function of human capital capacity, structure, and role clarity. In other words, having the right people, doing the right work, and the right level(s) in the organization.

3. **Has our competitive strategy changed in the last 3-5 years, and has our organization evolved to enable it?** Many organizations spend a considerable amount of time thinking about how, where and when they will compete. In many cases, the design of the organization that is required to deliver on these competitive aspirations gets less attention. If you have made a significant change to your organization's competitive strategy without a corresponding change to structure, you could be putting your ability to execute on your strategy at risk.

4. **What kind of innovation do I need to be successful?** Innovation comes in many forms, from business model innovation (think iTunes) to process innovation (think about improvements to customer service processes through customer self-serve) to quality improvement initiatives related to existing processes. What kind(s) of innovation do you need to enable your organization to successfully implement your strategy?

5. **Is the work of our organization distributed logically, and in a way that develops accountability?** Leaders need to think carefully about the work that they have to do themselves, and the work they can delegate. Only after this basic decision is made can...
the organization structure sufficient to delivering on the strategy be created. Once you've made this decision, delegating the work to the appropriate level, in roles that are clearly defined (so as to establish an accountability-based organization) will go a long way towards structuring your organization for success.

In today's fast-paced business climate it probably isn't sufficient to "leave it to HR" to design your organization for success. Organization design is increasingly seen as a key strategic lever for senior executives to use to ensure that their organization is designed with purpose.

To learn more about our approach to creating Accountability Based Companies by Design, visit our web site at www.coreinternational.com.