

Effective Organizational Design

Organizational Effectiveness can seem like a daunting task, and yet we work on it or around it (sometimes even in spite of it) every day. Purposefully designing effective organizations seems a notch more complex. But breaking it down into steps simplifies it and makes it easier to comprehend. Effective Organizational Design is key in long term strength and viability of an organization.

But shouldn't we be able to design an effective organization one time and, if we get it right, we won't need to do it again?

On the face of it that seems correct. But the fact is that any design of an organization takes place within the context of current people, *their training and skills*; current economy, *market condition and competitors*; current products, *cost and competitiveness*; customers, customer retention and customer satisfaction.

A well designed organization with an excellent strategic plan may operate effectively for 18 months to 3 years without change, but between 3-5 years, so much change takes place, especially in today's business environment, that plans should be addressed and adjusted on a 12 month basis, and completely renewed at least every 3 years. This is difficult to implement unless management teams have been developed to manage change, motivate, disperse information, share resources, build effective teams, and employ dual reporting relationships.

But what is an effective organizational design?

An effective organization follows a simple but powerful vision, plans thoroughly, motivates effectively, builds leaders who know how to govern, delegate, build teams, handle conflict, and manage change, has efficient communication and has developed a climate for decision making at the lowest possible levels: all this while each functional employee group and group leader focuses productivity on activities and measurements that are aligned with company plan. Strategic Planning, Financial Analysis and Forecasting, Marketing Strategy, Supply Chain Management – in short, Core Planning and Coordination functions are most effective when remaining the responsibility of central leadership, who are not responsible for direct line supervision. When information is shared effectively from this group to managers across the organization who have been given decision making ability (as long as their objectives have been aligned with corporate strategy) the most effective operations and performance management scenario is enabled.

In Short: build an effective plan, and build an effective organization around it – then build another effective plan...and then redesign the organization around that. And so on.