Organisation design guidance

2. Design

How can we bring about the change?

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What is organisation design?

Organisation design involves aligning your strategy, processes and people to effectively achieve what you set out to do.

- Structure charts are not the starting point – they are the outcome

- Without effective organisation design, it becomes harder to have clear and concise job descriptions

- Organisation design is the starting point for effective job design, and it will also help you to get the right outcome at job evaluation.

Where does organisation design fit within the change process?

Initially, this work would probably be undertaken by the change team, supported by any relevant senior managers and subject matter experts.

- To complete your organisation design, you'll need to involve your HR Business Partner.

- As you develop your proposed solutions, that's when you'll need to start work on your organisation design.

Why is organisation design important?

A good organisation design will help you to make sure you have:

- A good work flow

- Clear roles

- Strong, clearly defined management

- Collaboration rather than silo working

- Resources that are optimised, not misused

- A better responsiveness to change

- Less friction and conflict among groups

- Higher employee satisfaction and a reduced turnover

Getting it right creates an environment where people can work effectively to achieve the TfL strategy and make things even better for customers.

# How can you make sure you have a good organisation design?

There are 3 quick tests:

Strategy: Is it clear what you are trying to achieve and why?

Processes: Is it clear how work flows between teams and individuals to deliver the what?

People: Is it clear on the skills required and how people will operate?

Your strategy, processes and people all need to be aligned.

Effective organisation design

Strategy

Processes

People
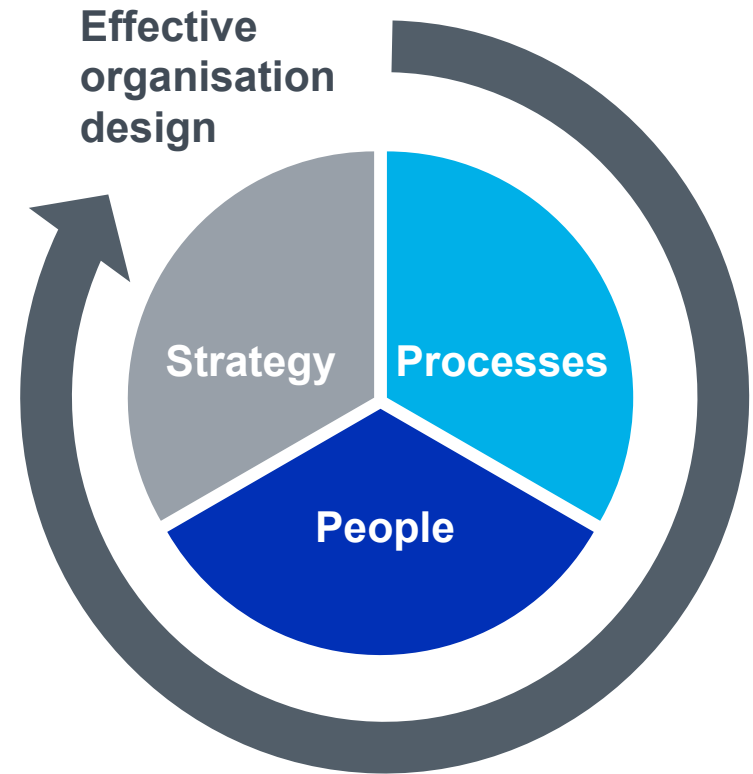
Building the future: Strategy

Strategy – what you need to consider:

- Before you start your organisation design you should have a good understanding of the current situation, and be clear on why you need to change.

- The <u>Situation Analysis</u> tool in the Business Change Framework provides further information to support this – it will help you establish how well you're placed to meet your current and future objectives.

- You can then articulate that change through your <u>Vision for Change</u> document.

Building the future: Strategy

Strategy – key matters to remember:

- Your strategy should be aligned to, and ensure the delivery of, the TfL strategy

- When considering your strategy in the context of organisation design, be clear on your customer demands

- Your customers may be internal or external to TfL (or both)

- Once you are clear on your strategy and customers, you can be clear on the key deliverables and activities that need to take place

Building the future: Processes

Processes – what you need to consider:

- The deliverables and activities that need to take place will determine your business processes

- Don't think of business processes as being only for routine activities (e.g. production lines)

- Every strategy delivers practical outputs, which require business processes

- Changing priorities to ensure a degree of flexibility to adapt to business needs

Building the future: Processes

Processes – what you need to consider:

- To complete this work you need to be clear on the following (which is often referred to as an 'operating model')

  - The functional units that will enable you to deliver your strategy

  - The business processes required to deliver the strategy

  - Enabling processes such as IT, Legal, Finance, HR to support its delivery

  - Leadership and governance such as when and how decisions are made

- Note: Business processes are often captured in 'process maps', and these can help identify how work moves from one team to another and where accountability sits.

- **Always ask yourself, does what you are doing add value to the customer?**

Building the future: People

People – what you need to consider:

- How people should work and what's required to deliver the processes

- The type of specialist skills, knowledge and experience that's needed

- Whether people will be empowered to make decisions and effectively use their skills, knowledge and experience

- Whether there are career development opportunities

Building the future: People

People – what you need to consider:

- How you can enable a diverse workforce and encourage different ways of working (e.g. part-time working and/or working at different hours and locations, using different skills)

- Assess the capability of your people and ensure that any necessary training and/or development is included as part of your future structure

- How the Workforce Planning tool can help you review the impact of your changes on the number of jobs (HR can help you with you this)

Test your design

Whenever we introduce a new operating model, we need to make sure it will achieve the intended business results:

- The next set of tests against your design should provide reassurance that the organisation design is fit for purpose and that it will provide a clear benefit once it's implemented.

- **Make sure you test your design using real examples, and use Peer Challenges** – this is where we invite people from other, similar organisations to assess our services or strategies.

Test your design

- The tests can be used to analyse the current as-is structure, and the reason why there's a need to change how you operate

- The positive indicators in the next few slides will provide the basis of how an effective organisation should operate

- The negative indicators can be the reasoning and driving force for change – if those factors are present, they're a good indication that change needs to happen

- They can help you identify the areas where the largest improvements are required, for example:

    - Developing the correct skills for employees within the structure

    - Providing clarity on processes and responsibility

Testing your design

There are 8 detailed tests that you can apply to check your organisation design – the first three relate to your strategy:

Strategy	
Strategy alignment test	Is your strategy aligned to the TfL strategy?
Customer test	Is it based on customer requirements?
Better, simpler, cheaper test	Will it improve how we operate?

Testing your strategy

Is it clear what you are trying to achieve and why?

1) Strategy alignment test:

Are both the structure and jobs <u>aligned</u> to deliver on the TfL strategy?

- ✓ Aligns structure and roles to deliver TfL strategy – customer, service delivery, people, and value for money
- ✓ Has a clearly defined structure as a whole, which is aligned with key performance objectives

- × Fails to realise strategy or creates difficulty in meeting business plan targets
- × Lacks a common vision
- × Doesn't have metrics that support the strategy

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Testing your strategy

Is it clear what you are trying to achieve and why?

2) Customer test:

Is the design based on the requirements of external/ internal customers to improve the overall customer experience?

✓ Is clear on how customers needs are going to be met
✓ Puts roles in place for the customer, not the department or the individual

× Doesn't enable customer expectations to be met

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Testing your strategy

Is it clear what you are trying to achieve and why?

3) Better, simpler, cheaper test:

Do changes improve how work is done in such a way that it results in better, simpler and cheaper ways of working?

✓ Uses NPL resource in a limited and effective way.
✓ Has jobs defined by what they have to achieve/contribute, not what they have to do

✗ Requires NPL in core and long term roles
✗ Has job designs based on individuals securing a particular band
✗ Has increased cost

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Testing your design

The next three tests relate to the processes you need in place:

Processes	
Hierarchy test	Is there no duplication of activity?
Accountability test	Is it clear where decisions are made?
Flexibility test	Is is adaptable to future changes?

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Test your processes

Is it clear <u>how</u> work flows between teams and individuals to deliver the <u>what</u>?

4) Hierarchy test

Does every layer of management have distinct accountabilities from those above or below so decisions are not being duplicated and organisational efficiency is maximised?

✓ Has roles which do not overlap, and minimal duplication of work
✓ Ensures each layer of management makes a clear contribution from the layer above and below
✓ An efficient workflow and strong decision making - decision making takes place near the source of information

× Leads to duplication of work
× Results in too many, unproductive meetings
× Creates a poor flow of information and slow decision making
× Causes multiple manager syndrome

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Test your processes

Is it clear <u>how</u> work flows between teams and individuals to deliver the <u>what</u>?

5) Accountability test

Does the design strengthen accountability, with clear decision rights and responsibilities?

- ✓ Gives all employees clearly defined accountabilities, roles, responsibilities, and levels
- ✓ Provides a clear feedback loop for continuous improvement

- ✗ Gives employees little clarity on their accountabilities, role, responsibilities and level
- ✗ Provides no ownership of issues
- ✗ Means ownership is buried in hierarchy, or assigned to groups/ committees with no ownership for decisions

Test your processes

Is it clear <u>how</u> work flows between teams and individuals to deliver the <u>what</u>?

6) Flexibility test

Is the design flexible enough to adapt to future changes?

✓ Has structures which can cope with fluctuating demands and business needs to avoid continuous restructuring

✓ Enables changes in the environment to be regularly monitored

× Creates a structure which can't easily expand or compress to adapt to changes in the environment

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Testing your design

The final tests relates to the people.

People	
People test	Is there clarity on the skills needed and how people will work?
Feasibility test	Are constraints taken into account?

Test your people

Is it clear on the skills required and <u>how</u> people will operate?

7) People test

Does the design adequately reflect the aspirations, diversity, and strengths and weaknesses of the available people?

- ✓ Empowers employees to do their job effectively and efficiently
- ✓ Has a structure that helps progression – it's possible to succeed from within
- ✓ Has flexible jobs and ways of working
- ✓ Has boundaries that encourage the development of specialist skills

- ✗ Leaves employees being under utilised or feeling bored, resulting in high employee dissatisfaction and turnover
- ✗ Creates a structure that hinders progression – gaps between layers make it difficult to succeed from within
- ✗ Encourages silo working – a lack of collaboration between business areas

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Test your people

Is it clear on the skills required and <u>how</u> people will operate?

8) Feasibility test

Does the design take into account the constraints that may make the proposal unworkable?

- ✓ Has roles that are 'doable'
- ✓ Gives consideration to skill availability, politics, and communication

- ✕ Has unrealistic job roles – and management agendas are too diverse

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2. Design

Final review

Check your organisation design is effective.

Strategy: Is it clear what you are trying to achieve and why?

Processes: Is it clear how work flows between teams and individuals to deliver the what?

People: Is it clear on the skills required and how people will operate?

Effective organisation design

Strategy

Processes

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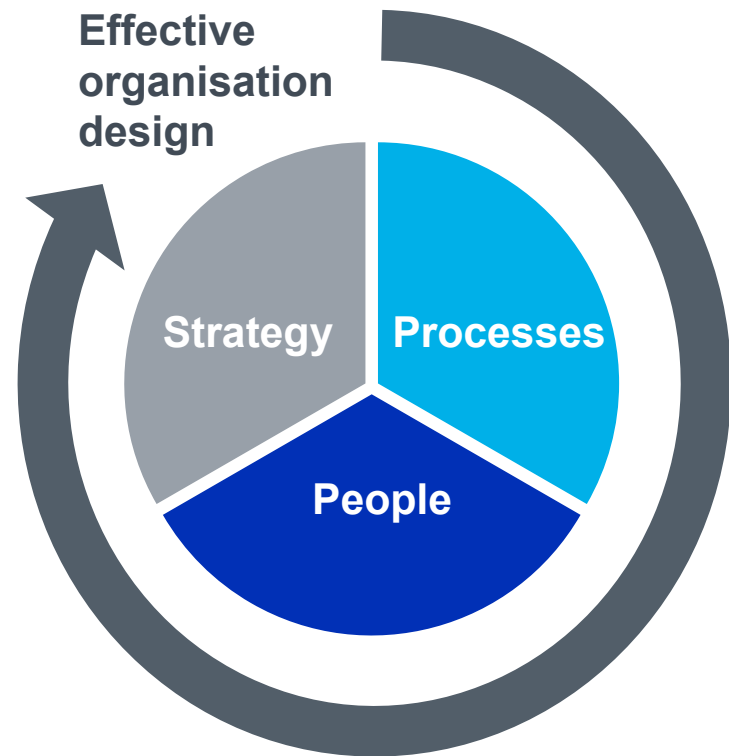
Final review

Finally, remember to test your design on real life examples.

Once you are happy with your organisation design you can develop individual jobs.

Effective organisation design

Strategy

Processes

People