.ıl winzest consulting

Improved performance. Better regulatory compliance

Improving performance through better design

Constant change in the external environment arising from competitive pressures, customer/stakeholder expectations, regulatory changes, and rapid technological innovation necessitates effective organisations to adapt continually their organisational architecture to ensure execution of their strategic objectives.

A commonly held belief by senior leadership is that changing the structure of their organisations will lead to significant improved business performance, which is why this is usually one of the key tasks undertaken early in their tenure. However, the experience from many organisations indicates that an organisational restructure, which is no more than rearranging boxes on an organisational chart, does not usually translate to desired improvements in business performance.

One of the key reasons why organisational restructure initiatives have failed to deliver better business performance is insufficient consideration of other interrelated critical success factors such as ensuring that decision making occurs at the appropriate level, capability and behavioural gaps are addressed and appropriate modifications to other relevant elements of the operating model.

Poorly designed organisations tend to demonstrate the following characteristics:

- Lack of focus on the changing expectations of customers/stakeholders
- Heavy reliance on the business owner or on a few individuals to operate and perform several key tasks
- Delays in decision making and key decisions taken at the wrong level
- Silo mentality
- Internal conflict and failure to collaborate
- Lack of ownership
- Lack of clarity of roles
- Failure to comply with regulatory obligations

There is no perfect organisational architecture because an effective organisation is constantly evolving in response to the challenges and opportunities that it is facing. Organisational design can be messy and the process to design the required organisational architecture in many organisations is usually exacerbated by the lack of an appropriate methodology and political hurdles.

A well-designed organisation ensures that all the relevant key components are fit together to support the effective ongoing delivery of the strategic objectives. The relevant components of effective organisational design should include structure, operating model, decision-making authority, people practices, processes, performance management/ reward systems and culture.

The benefits of a well designed organisation include the following:

- Achieve strategic objectives more effectively and cost effectively
- Increased organisational agility to key changes in their operating environment
- Increased productivity and better customer service
- Increased collaboration and innovation
- Improved employee engagement through better decision making
- Improved operational efficiency