

STRATEGY NEWS

Autumn 2006

Organisation Structure

It's more than just the boxes on your organisation chart

In today's world, change is constant and the successful organisation is one that ensures its structure supports the achievement of its strategy.

This article addresses the following critical questions:

- What is Organisation Restructuring?
- Why Restructure?
- How To Restructure?

ABOUT PROSPECTUS

Established in 1991, Prospectus is Ireland's leading independent strategy consultancy, assisting organisations to build strong and profitable businesses through:

- Governance and Organisation Structures
- Programme and Project Management
- Strategy Development
- Action Learning
- Business Case Development
- Commercialising Research
- Sectoral Reviews
- Performance Improvement
- Market Appraisals and Research
- Change Management
- Implementation Planning
- Healthcare Planning
- Feasibility Studies
- Business Planning
- Merger and Acquisition Integration

Prospectus is a founding member of the Eurogroup Consulting Alliance, a pan-European alliance of independent management consulting firms.

PROSPECTUS

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PROSPECTUS NEWS

RECENT & CURRENT WORK INCLUDES:

ACTION LEARNING

Department of Communications, Marine and Natural Resources (DCMNR)

Prospectus is delivering 'just in time' training to DCMNR staff as they work on everyday issues and projects within the Department, enabling teams to 'learn by doing' while achieving tangible results.

STRATEGIC REVIEW

Forfás

Prospectus recently assisted the Irish Government's Advisory Council for Science, Technology and Innovation (ASC) to analyse the current state of health research in Ireland, review international best practice and outline commercialisation opportunities.

EXIT STRATEGY

Little Company of Mary, Mount Carmel Hospital

Following the Prospectus review of Maternity Services in Ireland and a review of the Little Company of Mary and Mount Carmel Hospital, the Order decided to sell the hospital as a going concern. Prospectus managed this process.

STRATEGY DEVELOPMENT

The Ireland Funds

Prospectus conducted an overview of the philanthropic and not-for-profit sectors in Ireland and supported the organisation in developing a five year strategic plan.

PROGRAMME MANAGEMENT SUPPORT

Standard Life

Prospectus provided programme management support for the development and launch of the new suite of products, involving project and workstream planning, progress tracking, budget management and ongoing monitoring.

GOVERNANCE AND ORGANISATION

Department of Social and Family Affairs

Prospectus is currently conducting a review of the governance structures, the collective and individual roles and responsibilities of MAC members, and the relationship between the MAC and the Social Welfare Service senior management team.

BUSINESS CASE DEVELOPMENT

Mater Hospital

Prospectus worked with the Mater Hospital and the Mater and Children's University Hospital Development Group to prepare a submission to the HSE presenting the case for siting the new National paediatric hospital adjacent to the Mater Hospital.

Successful organisations are flexible, proactive and anticipate change...

WHAT IS ORGANISATION RESTRUCTURING?

You may think an organisation structure is the physical set up of your organisation, the areas of responsibility outlined on your organisation chart, but in fact it is much more. Organisation structure represents how your people are organised, how they communicate, how they work to support the achievement of strategic objectives, how each and every part of your organisation supports customer and stakeholder requirements and responds to changing needs.

Organisation restructuring can be any form of redesign, from the change of management structures in a single business unit or department to an organisation-wide change in structures and functions.

WHY RESTRUCTURE?

Enable successful strategy implementation

Organisation structure should support the achievement of strategic goals and facilitate the measurement of success. Your organisation's strategy is what you do and how you do it. It is in the context of the organisation's strategy that structure is designed or redesigned. Having the right people, in the right place, with the appropriate skill set and management information is key to successful strategy implementation.

Respond to the changing environment

In today's economy changes are frequent and the successful organisation is undoubtedly flexible and proactive. You must ensure that the organisation structure allows for the anticipation of, and proactive response to, changing circumstances. Closely monitoring activity externally and internally will help achieve this, (e.g. customer requirements, technology, regulation, trends, your people, ways of working.)

Effective allocation and use of resources

Keeping costs low and capitalising on results/outcomes relies on effective allocation of resources, both physical and human. Regular assessment of your organisation structures to ensure that they relate directly to your current needs and environment will allow you to minimise any unnecessary or outdated systems or processes, highlight the evolving skill requirements and maintain a lean and efficient structure.

Ensure clarity of purpose

Your staff are one of your most valuable assets and maximising their contribution to the organisation is essential. Everyone in the organisation should know exactly what their role is, and how their function fits with the bigger picture, ensuring that everyone is working towards the same end goal. You must recognise where certain skills, knowledge or experience is needed and focus on building the right combination of capabilities in each function or team. Implement systems to support performance, reward and skills transfer. Establish clear lines of accountability, decision making, career paths and transparent and open communication.

HOW TO RESTRUCTURE?

Review current structures

Assess current structures using organisational data and input from all viewpoints: customers, staff, management, and board members. Look at internal processes and the external environment to establish precise needs and requirements of the organisation. Reviewing current structures is a starting point and will allow you to understand and obtain agreement on the organisational issues that should be addressed.

Define restructuring design criteria

Having identified the needs and requirements of your organisation, outline criteria for restructuring that address the specific situation. Make sure that the chosen criteria support the organisation or business unit strategy.

Develop organisation design options

Develop a number of structural options that best meet the needs of the organisation and/or business unit. These could be based on customer groups, business functions, geographical distribution channels, market or product, stage of development, or indeed a hybrid of any of these.

Select the optimal structure

Analyse and evaluate each of the organisation design options against the agreed design criteria. Decide on the structure that best meets each of the criteria and therefore is the optimal choice for the organisation.

Detail the component parts of the optimal structure

Define details for each position in the new structure (e.g. title, roles, responsibilities, reporting lines, accountability, key performance indicators, desired skills/knowledge/experience).

Develop a transition plan

Be aware that organisations cannot change to a new structure instantly and often there is a requirement for a transition structure with clearly defined implementation priorities and timeframes.

TIPS FOR ORGANISATION RESTRUCTURING

- ✓ **Communicate the restructuring process effectively;** answer the inevitable 'what's in it for me?', question and communicate intentions to the right people at the right time/s.
- ✓ **Remember that reorganisation is not only important for large organisations;** but is just as important for small organisations or individual business units or departments – particularly following periods of growth or change.
- ✓ **Choose timing wisely;** consider market conditions, stakeholder support (internal and external), and skills and experience available internally to absorb the change.
- ✓ **Recognise potential constraints and proactively manage them;** e.g. resistant groups/individuals, regulatory issues, external realities.

- ✓ **Focus on getting the right 'fit for purpose';** your structure must be designed for your specific needs – it is rarely possible to 'copy' another organisational structure, no matter how successful the organisation is.
- ✓ **De-personalise the process;** don't allow personalities or other concerns to influence decisions, make every decision based on what is best for the organisation and its success.
- ✓ **Recognise that you cannot leap-frog to the new organisation structure;** develop and implement a transition plan.

**For further information please contact:
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EVENTS

The Association of Chief Executives of State Agencies (November 2005)
David W. Duffy spoke on The Quest for Improved Performance

Carmichael Centre Conference on Corporate Governance (January 2006)
Justine McCarthy spoke on The Importance of Governance in the Voluntary Sector

Inaugural Forum for Chairpersons of Publicly Funded Bodies (April 2006)
David W. Duffy spoke on The Role of Chairperson: New Challenges

European Association of Hospital Managers 21st Congress (31st August – 2nd September 2006)
Prospectus is a main sponsor of this major event focusing on the professional challenge of healthcare management in Europe

PEOPLE NEWS

Justine McCarthy has been promoted to Director of Consulting. Justine has been with Prospectus for more than 5 years and works primarily in the healthcare sector.

John Crimmins has been promoted to the position of Manager. John has more than fifteen years experience working in the Public Sector and has worked on a variety of organisational, strategy and governance projects since joining Prospectus.

Annette Hughes joined as a Healthcare Planner. Her areas of expertise include facility planning and design, healthcare quality audit, redesign and operational development.

Sandra Coughlan joined as a Senior Consultant having completed a Masters of Business Studies in Management and Organisation Studies and has recently been promoted to the position of Manager. Sandra has four years prior consulting experience with Accenture, where she worked in the area of Organisation and Human Performance.

Marie Nycz joined as a Senior Consultant having recently completed an MBA. Prior to joining Prospectus, Marie worked as a Healthcare and Group Benefits Senior Analyst with Mercer Human Resource Consulting, Boston.

Edel Fitzgerald joined as a Consultant having completed a Masters of Business Studies in Management Consulting at the Michael Smurfit Graduate School of Business.

Jenny Horan joined as a Consultant. She graduated from Trinity College Dublin in 2003 with a Bachelors degree in Business and Sociology. Prior to joining Prospectus she spent time managing an Irish not-for-profit organisation and working in the Publishing Sector.

Rachel Turner joined Prospectus as Office Manager and is responsible for human resources, accounts and general office operations.