



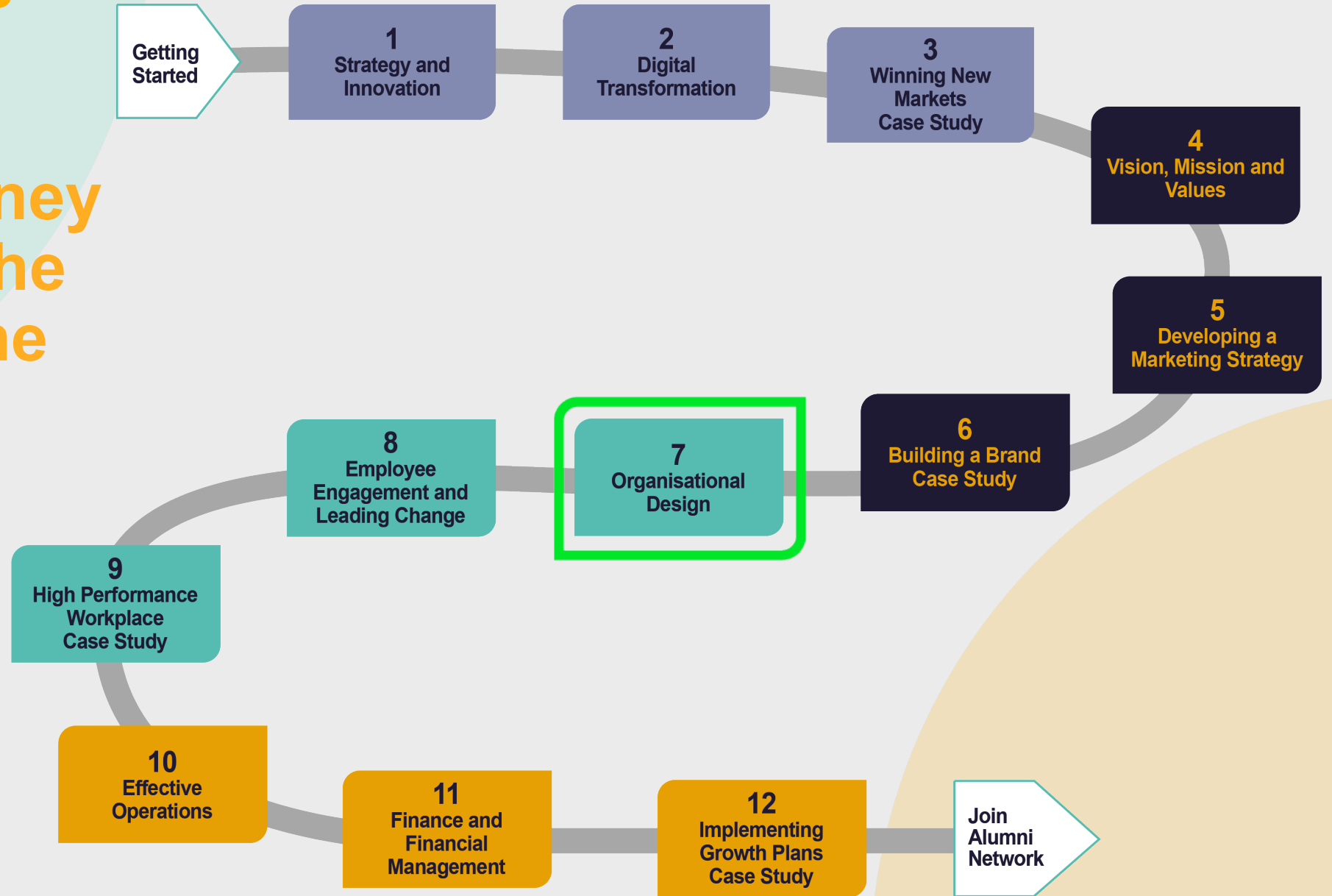
HELP TO GROW

MANAGEMENT COURSE

MODULE SEVEN

Organisational Design

Your Journey Through the Programme



MODULE SEVEN LEARNING AND ACTION OUTCOMES

Knowledge

I recognise key variables that influence organisational effectiveness
I am familiar with different organisational structures and approaches

Mindset and Skills

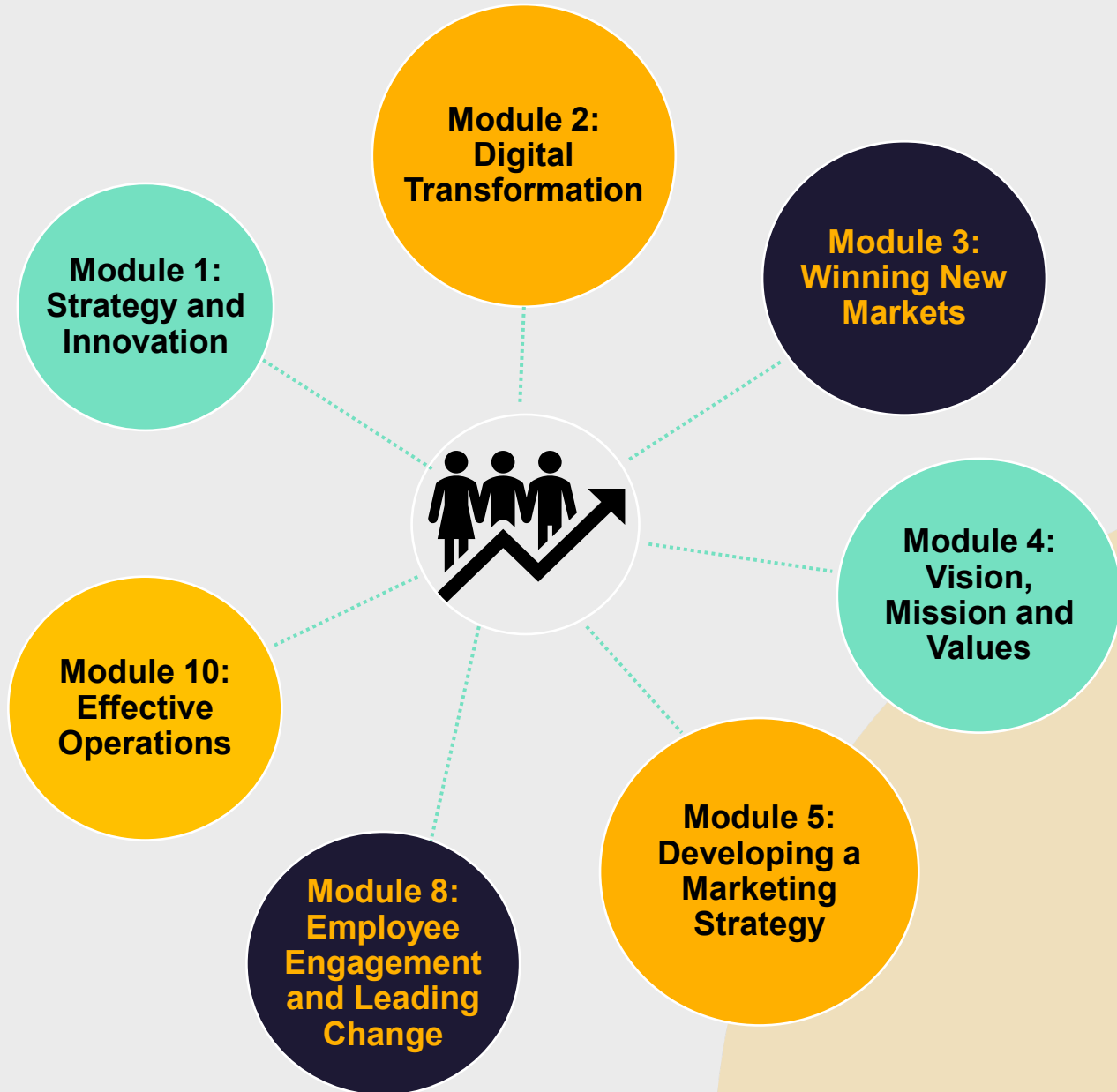
I can identify options for evolving our organisational structure and roles to deliver our growth plans

Action

I have started to discuss with colleagues ways in which we might better organise our firm to realise our goals

How Module 7 Links to the Rest of the Course

When thinking about this workshop's topics and activities, also note their relevance to your past and future modules, in particular...



THE FOCUS FOR THIS MODULE

SECTION 1: BUSINESS GROWTH AND AGILITY

SECTION 2: ORGANISATIONAL STRUCTURE

AFTER THE SESSION – Workbook and supporting materials

SECTION 1

Business Growth and Agility

How Do You Measure Your Business Growth?

- Sales/turnover
- Number of employees
- Growth ambition/growth intention
- Profitability
- Diversification
- Social impact
- Internationalisation
- Assets
- Value added
- Other? What?

PREWORK

Think about, and **reflect** on your business growth:

- Issues
- Phases
- Opportunities
- Challenges

What Is Growth?

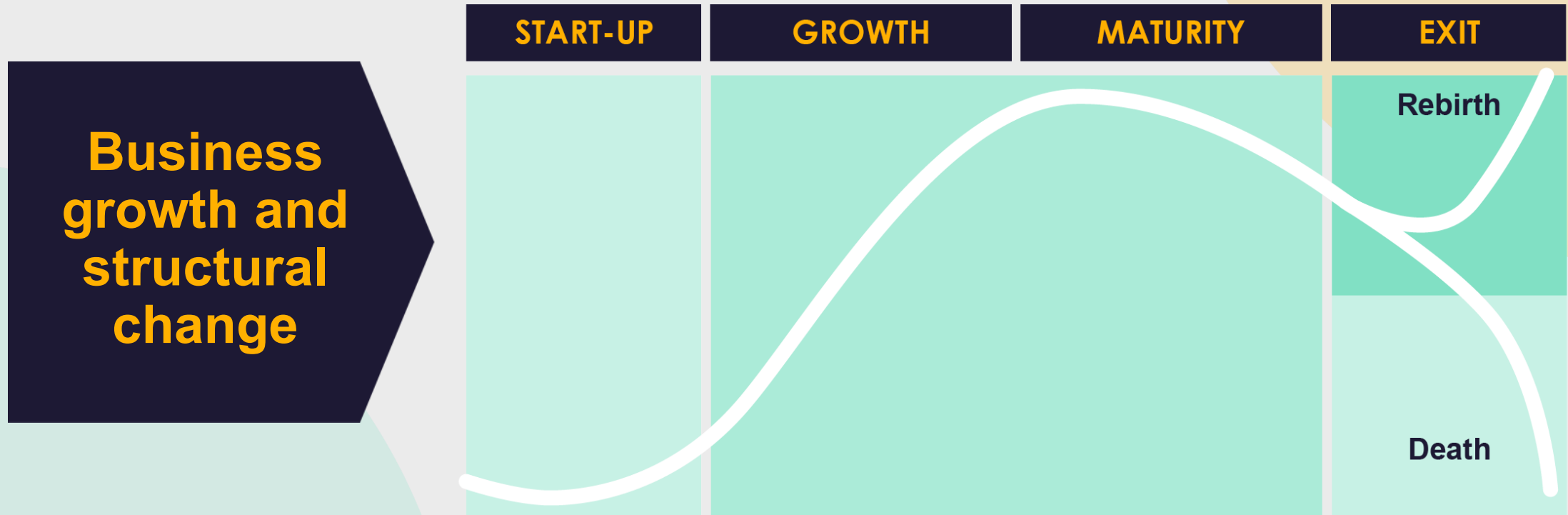
Growth means ***changes in the characteristics of our business*** and the way our businesses operate...

What does this mean for your business?



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The Business Growth, Maturity and Exit Cycle



Typical growth stages of a small business (Quinn & Cameron, 1983).

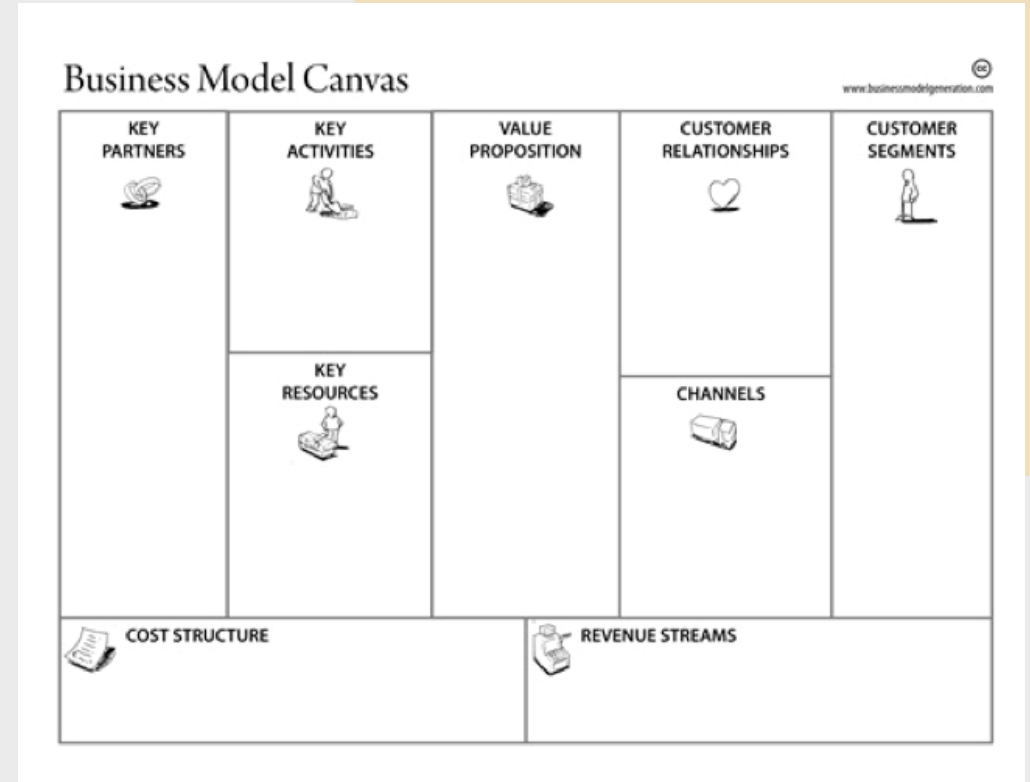
What Is Seen and What is Not Seen in an Organisation

So...what does it take to grow your business?

- People (owners, directors, employees, customers, users, etc.)
- Business/system (structure, process, cash, etc.)

What enables the system to work, often, is:

- Building/enabling structures or capacities to adapt (dynamic capabilities)
- Innovation, internationalisation, absorptive capacity
- Leaders'/managers' business and industry experience
- Leaders'/managers' leadership capabilities



The Business Model Canvas provides a snapshot of what's involved in business

Dynamic Capabilities and Growth

Can we use “Dynamic Capabilities” to grow?

Firm’s capabilities/resources:

- Operational
- Dynamic

Dynamic capabilities are your firm’s operational fitness

- Be stable and deliver distinctive value
- Be adaptive to shift when conditions demand



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Planning Models, Processes and Frameworks

Adaptive Planning

Agile
Business Agility
Going Agile

Lean?

Processes / Frameworks

Scrum
Kanban
XP
SAFe

Predictive Planning

Project Planning
Waterfall Model

Processes / Frameworks

Prince 2
PMBOK

Predictive Planning & Adaptive Planning are just two of the strategies that might be in your toolbox.

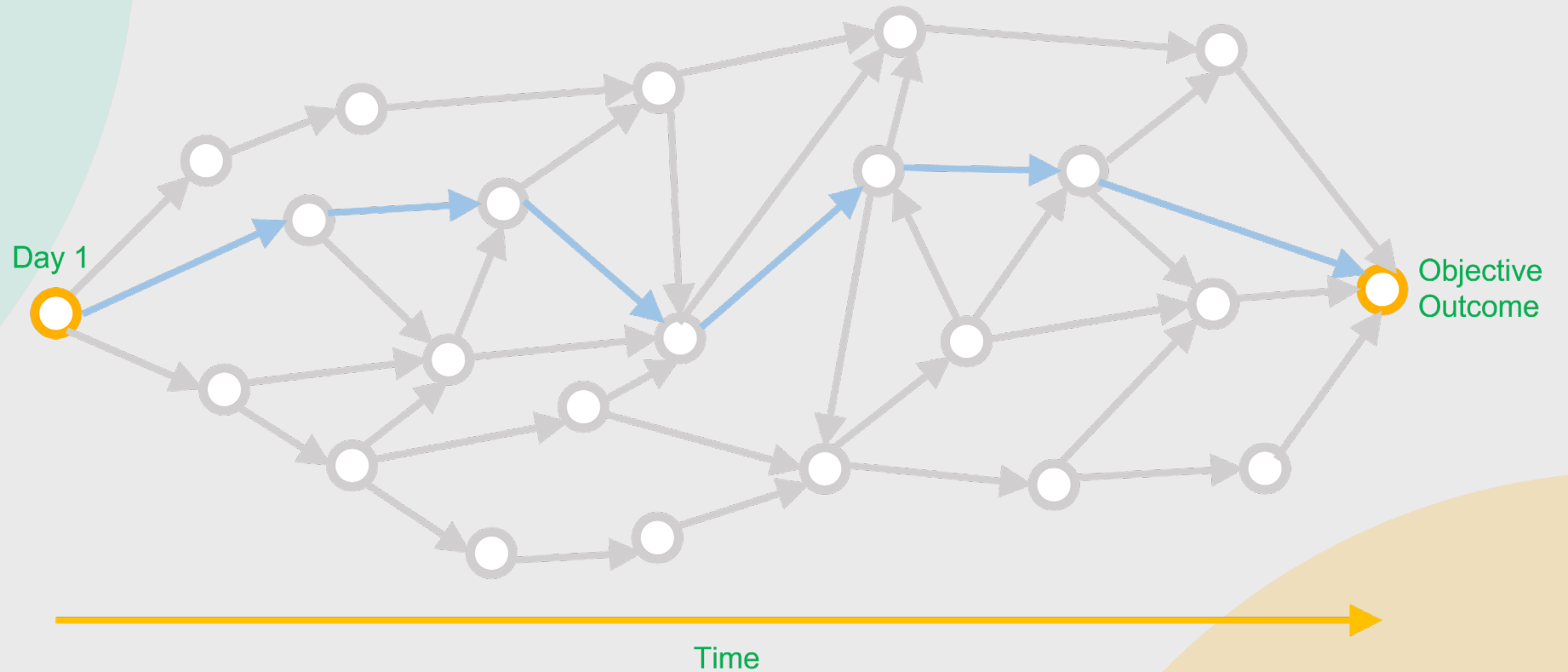
Others include:

- Lean
- Scenario Planning
- Buffering

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Predictive Planning



- You have enough certainty at the outset to make decisions well into the future
- You are fairly certain that your goal / objective won't change

Pros

- Can answer questions like:
 - How long?
 - How much?
 - How many people?
 - Etc.

Cons

- If you are wrong about the certainty you face, you have made all your decisions at the point when you know the least
- Subject to Cognitive Biases, like
 - Comfort
 - Plan Continuation

Adaptive Planning



- You don't have enough information to make a full and sensible plan to reach your goal ("I don't really know what I'm doing!")
- You think your goal may change as you learn more

Pros

- Handles change easily
- *Can* be cheaper
- Good when you don't know how to achieve something.
- Good for exploration of ideas/markets/etc.

Cons

- Can't answer the questions that Predictive Planning can
- It's difficult to be comfortable with uncertainty

Examples of Predictive and Adaptive Planning

Predictive Planning Examples



<https://upload.wikimedia.org/wikipedia/en/thumb/0/0b/Postman-Pat.jpg/250px-Postman-Pat.jpg>

Adaptive Planning Examples

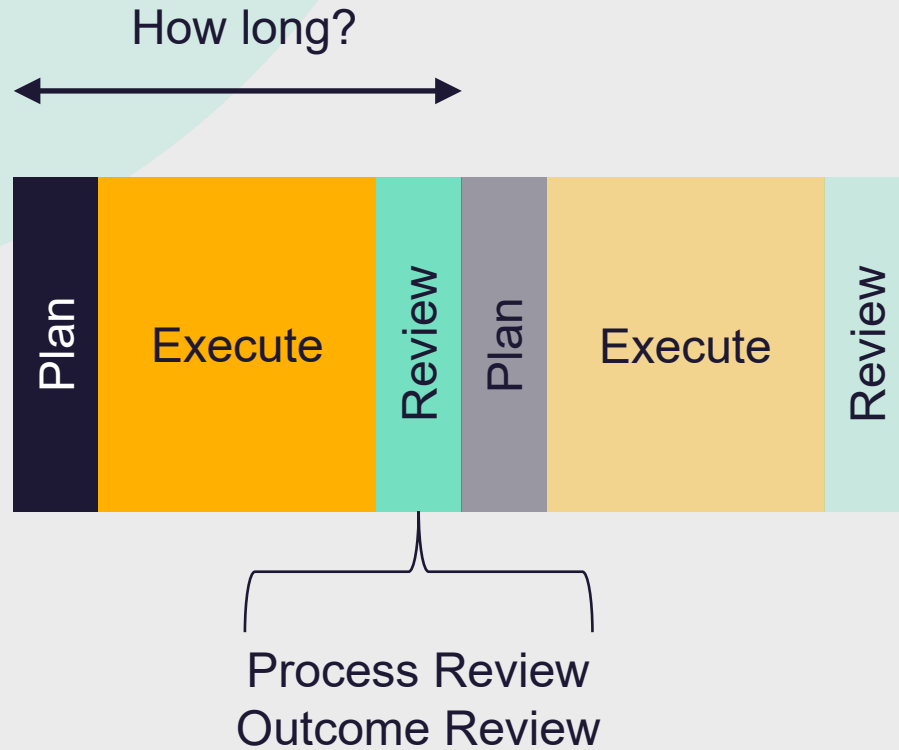


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Adaptive Planning In Practice



Expressed as a Cycle for
Continuous Improvement



Deming Cycle; [The W. Edwards Deming Institute](#)

How Adaptive Do You Need to Be?

- Which parts of your business face uncertainty and which have a stable operating environment?
- Where you face change, how frequent is the change?



GROUP ACTIVITY

Breakout Session

Think about how agile your business is and which aspects of the business may benefit from adopting an Adaptive Planning approach.

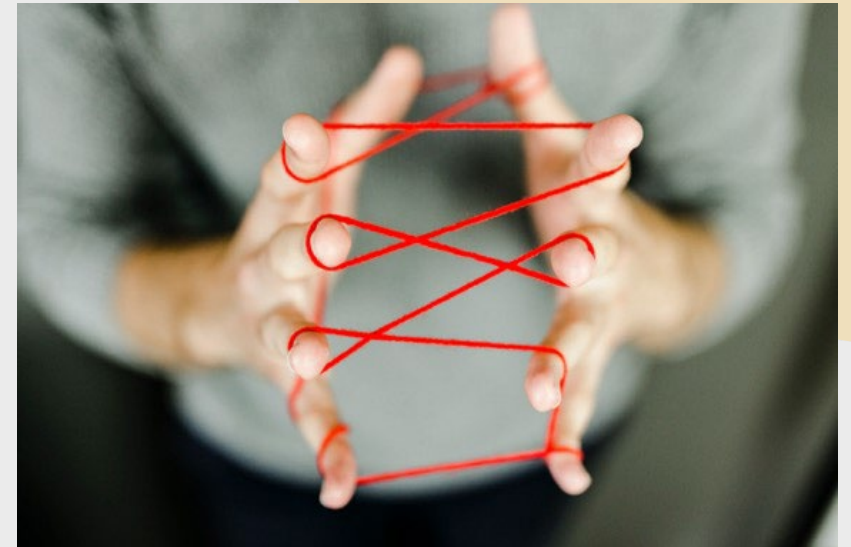
Discuss with your peers.

SECTION 2

Organisational Structure

Choosing the Right Structure – Key Considerations

1. Work specialisation – narrow or broad?
2. Hierarchy – ‘tall’ or ‘flat’?
3. Span of control – how many people reporting to a manager?
4. Formalisation – rules and processes
5. Centralisation – centralised or decentralised control? Where are the decisions made?



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1. Work Specialisation

How much we divide the work into separate jobs

How narrow and specialised are the jobs that exist in your business, or do you train people to perform several functions?

For example; in a car mechanic business, does one mechanic specialise in tyre replacement and the next on more complex work or do you train all mechanics to do a range of work?



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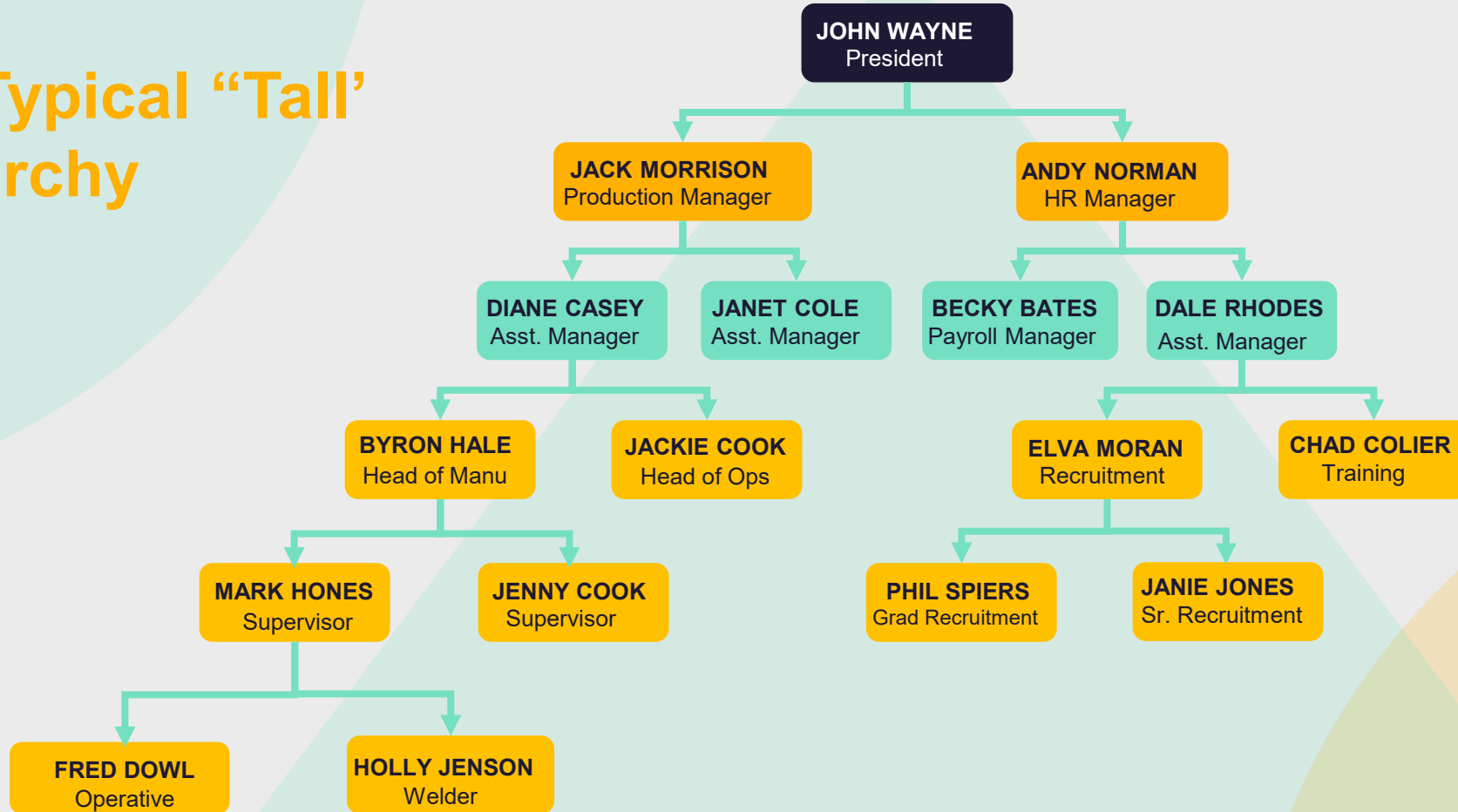
Work Specialisation in Agile Organisations

- Broad work specialisation
- T shaped skills / people
- Cross functional teams



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2. A Typical “Tall” Hierarchy



Chain of command – the hierarchy of decision making

Structure of a Manufacturing Plant

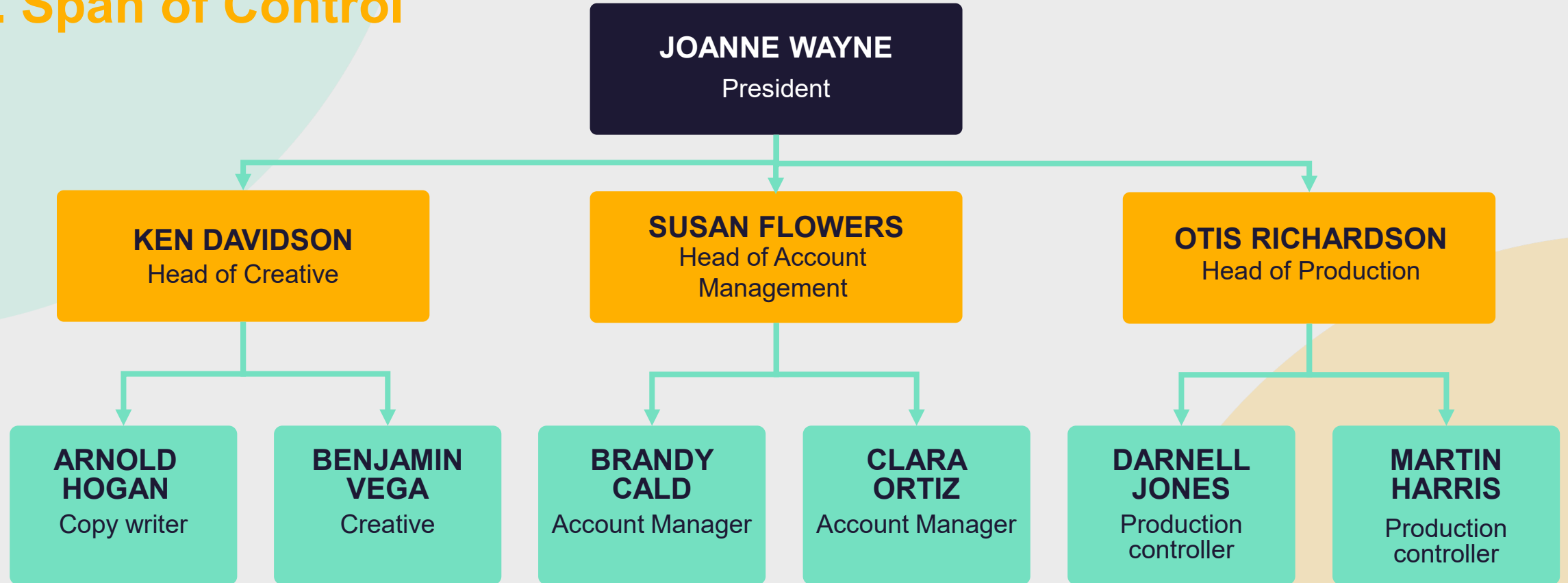
Hierarchy and Agile

- The flatter the better
- Push information and decision making down
- Invert the hierarchy to be a support structure.



<https://www.pexels.com/photo/set-of-wooden-figurines-on-steps-5152101/>

3. Span of Control



A flatter, functional structure in a creative agency

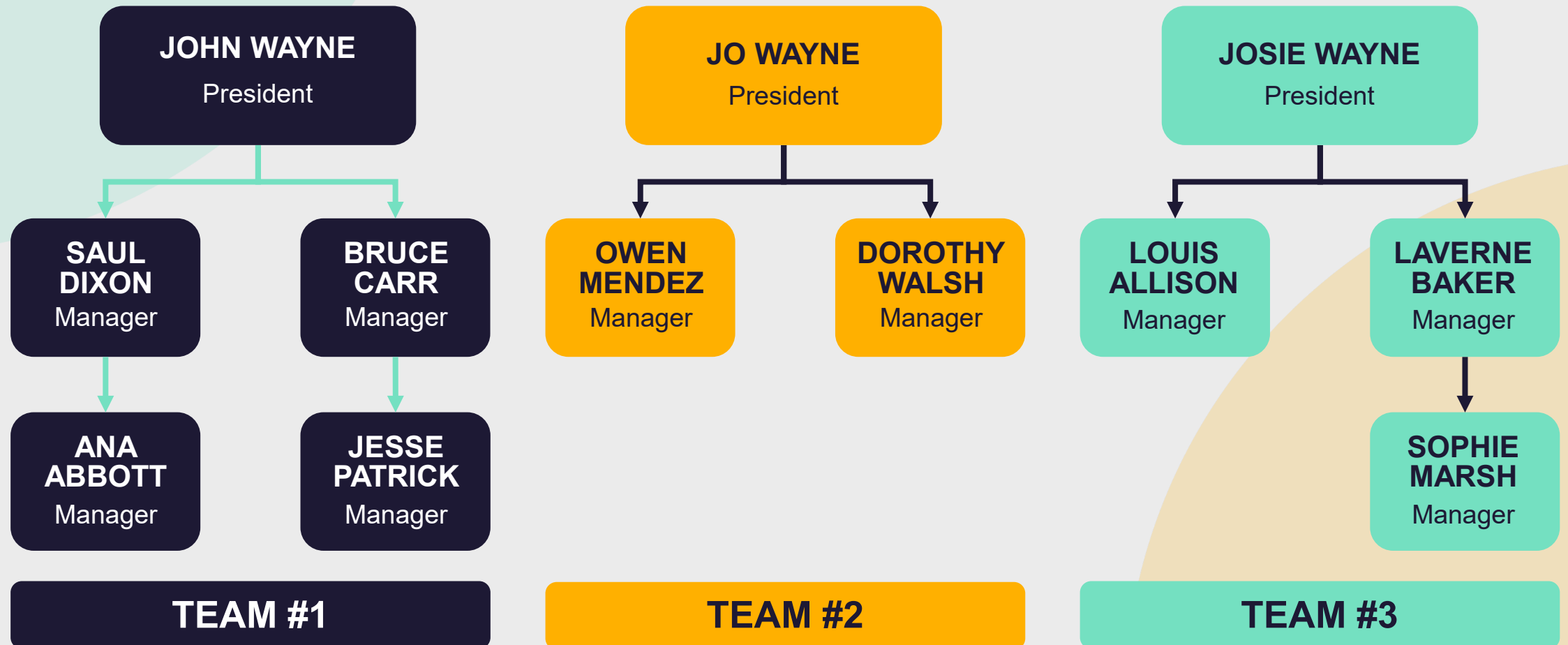
Span of Control and Agility

- Large span of control
- Less about control and more about support
- May need to be smaller span of control for teams that need lots of support (initially)

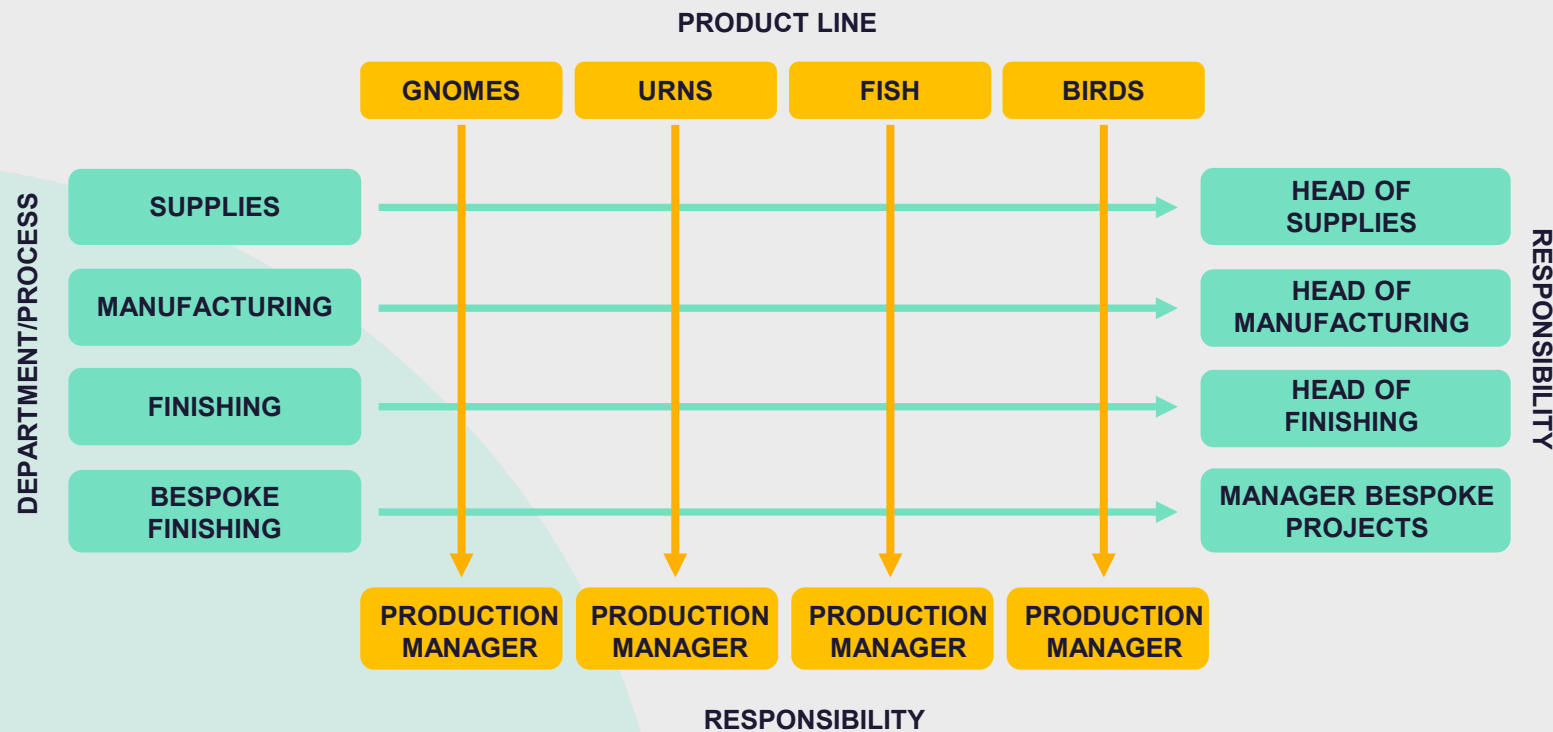


<https://www.pexels.com/search/support%20/>

A Team-Based Structure



Matrix Structure – Garden Ornament Manufacturer



- Combines two forms of departmentalisation; in this example product / process
- Each employee is both part of the functional department and a process team
- Each employee has two or more reporting relationships, which can be problematic
- Needs management skills
- Multiple bosses can lead to competing goals and accountabilities

4. Centralisation vs Decentralisation

Centralisation – The authority and responsibility for decision making is in the hands of manager(s) at the top of the organisation's hierarchy.

Decentralisation – Decision-making authority is delegated to people or groups within the organisation so that they enjoy a measure of autonomy and independence.

Decisions should be made in the most sensible place e.g. discounts to apologise for an error could be decided by the staff serving the customer, they have the best view of what's needed to keep customers happy.

As your company grows, decisions will need to be taken at different places in the organisation.



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Diversity and Decision Making

When you recruit people who are the same as you, you'll only ever get your own perspective coming back to you.

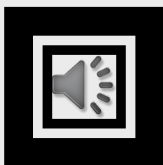


Stock Image

[ILGWU General Executive Board including Charles Zimmerman,...](#) | Flickr

Diversity - The new manager's perspective

- When Jane took over the day-to-day running of Garden Perspectives, a family run garden ornament manufacturer, she had to contend with a founder and management team who wanted to retain some degree of control, as owners of the business.
- After 25 years, they did, however, see that they needed a new way of doing things and they were keen to bring in a marketing expert with a different approach. They also knew that an all-male senior leadership team might have contributed to their view that there was one best way to do things.



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5. Formalisation

The amount and extent of written rules, operating procedures, job descriptions, organisational charts and formal, written communication



Image by Melanie Roberts + Stock Image

Formalisation in Agile Environments

- Agile environments tend towards less formalisation
- Simple, repeatable processes lend themselves to high levels of formalisation
- Complex processes and environments require less formal and more adaptable approaches

Formal



Informal

Example: Timpson

- “The only way ahead is to trust the people who serve customers with the freedom to treat them however they wish.”
- “We have an upside-down management structure with the chief executive officer at the bottom.”
- “When we recruit new staff, we look for personality above all else. We are not bothered about CVs, qualifications or even sometimes what candidates say in interview situations.”

Sir John Timpson



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GROUP ACTIVITY

Breakout Session

Describe your current structure; consider your span of control, hierarchy, chain of command, degree of centralisation and formal rules.

Consider your current structure and then discuss any changes that might need to happen as your organisation evolves. Use workbook 1 for this activity.

MODULE SUMMARY

- IN SECTIONS 1 and 2 – we discussed the business lifecycle and how and why our companies change structure as they grow. These sections are designed to cultivate your thinking around the current structure of your business and its reshaping and design.
- IN THE GROUP ACTIVITIES – you discussed your business structure and span of control, hierarchy, and formal rules as well as the changes that might need to happen as your business evolves. Use workbook 1 for your notes.
- AFTER THIS SESSION – you'll have access to workbook 2 to help you as you work on your firm's dynamic capabilities, agility, and structure for organisational design. You can then discuss the workbook in your peer group.

NEXT STEPS – APPLY THIS TO YOUR BUSINESS

Complete this Module on the VLE

- **Workbook**

Complete Workbook 1 which was started during the workshop; Workbook 2 is designed to help your thinking about the current resources and capabilities of your business; your business and/or team structure; and its agility and whether, together, they are enabling growth or hindering it.

- **GAP Workbook**

Answer the Module 7 Questions

- **Module Resources**

Weblinks on the module resources page will take you to additional information on the module topics

Topics for our Peer Group Call

- What have you identified from mapping your business capabilities with the exercise in Workbook 2
- What actions have you identified from this to take forward?
- Is your organisational structure fit for purpose now?
- How will you need to evolve our organisational structure to deliver our growth goals?

ACKNOWLEDGEMENTS AND CONFIDENTIALITY

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The models, exercises and ideas in this module are from a number of sources, which are identified on the individual slides or in the associated workbooks themselves.



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HM Government

