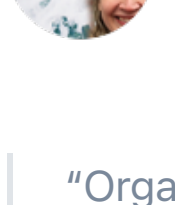


View online



Elizabeth M. Lembke - Chief Talent Navigator (HR Consultant) @elizabethlembke

"Organizations, like individuals, can avoid identity crises by deciding what it is they wish to be and then pursuing it with a healthy obsession." Professor Henry Mintzberg

Ah, determining what we wish to be - and how to set up our organizations to pursue that healthy obsession is the question. Which leads almost immediately to the question, which those of us in HR are often asked:

What is the best organizational structure?

Well, it depends...

Different strategies lead to different organizations. There is no "one size fits all". Organizations are complex systems in a volatile world - they will always be a variation on a theme and adaptation necessary. A organizational design will always be under scrutiny in terms of "fit for purpose" - and morph as the dynamics and needs change - which is a good thing.

Let's start with the groundwork.

First off, one sets up an organization with at least three fundamental intentions:

- To facilitate the flow of information (both within the organization and across the touchpoints outside of the organization).
To integrate organizational behavior across different parts of the organization so that the behavior is coordinated.
To deliver on the intended "reason for existence" of the organization.

There are many different forms an organization can take. In this post, we will cover the classic forms, in a future I will delve into hives, squads and self-management.

So to the classics ... Over the past 50-60 odd years, most organizations were developed along the lines of the Prof. Jay R. Galbraith's STAR Model of Organisational Design in then fell into one of five Prof. Henry Mintzberg organizational configurations. As this is a 101 Organizational Design post, I am going to take you through the highlights.

Perhaps you recognize the terms functional, product, market, process, geographic, customer, or hybrid organization? Yes? Well then, you have been touched by the STAR (sorry, no wings can be distributed at this time.)

The 5 STAR model has five points on it: strategy, structure, people, processes, and rewards. According to Prof. Galbraith, the idea is that the "interweaving lines that create the star shows that policies must align to foster cohesiveness and thereby influencing behavior. This impacts performance and culture." One consciously sets up the star - and sets boundary conditions at each point - so as to foster the culture one wants/needs/is obsessive about in order to achieve their North Star strategic goals.

The 5 points on the STAR are:

- Strategy: Goals and direction: What you focus on and the allocation of resources. This is where you must start; your strategy guides the type of organizational form you choose.
Structure: How are you organized: Roles and responsibilities, distribution of power and authority, decision making mechanisms, how and what gets prioritized and the according effort/work is managed.
People: The type of people you hire, promote, have in critically key roles etcetera.
Process: Mechanisms of collaboration and communication: Clarity of processes, how work flows between different roles, flow of information and the speed of execution.
Recognition and Rewards: What you actually reward e.g. how you assess progress and success, how you reward success, performance, collaboration.

The interwoven lines between the points of the star allow one to ask: How tightly or loosely aligned the five points on Star are - so too is your organization.

Depending on the design you choose, this forms your business configuration. According to Mintzberg, businesses fall into one of five separate structures that fit different companies and organizational types:

entrepreneurial, machine, professional, divisional, innovative. Mintzberg in his HBR article Organizational Design, Fashion or Fit, broke down the organization into 5 basic parts:

"An organization begins with a person who has an idea. This person forms the strategic apex, or top management. He or she hires people to do the basic work of the organization, in what can be called the operating core. As the organization grows, it acquires intermediate managers between the chief executive and the workers. These managers form the middle line. The organization may also find that it needs two kinds of staff personnel. First are the analysts who design systems concerned with the formal planning and control of the work; they form the technostructure. Second is the support staff, providing indirect services to the rest of the organization—everything from the cafeteria and the mail room to the public relations department and the legal counsel. These five parts together make the whole organization."

Depending on how you have these five basic components working together - and the pull between the different areas. "Every organization experiences the five pulls that underlie these configurations: the pull to centralize by the top management, the pull to formalize by the technostructure, the pull to professionalize by the operators, the pull to balkanize by the managers of the middle line, and the pull to collaborate by the support staff."

Where one pull dominates and where the business conditions favor it more than the others, then the organization will generally to organize itself close to one of the configurations. The point is that managers can improve their organizational designs by thinking about how loose or how tight the different pulls in the organization. This is very helpful when considering fit.

Mintzberg's concluding paragraph is as useful today as when he wrote it in 1981:

Fit Over Fashion

To conclude, consistency, coherence, and fit—harmony—are critical factors in organization design, but they come at a price. An organization cannot be all things to all people. It should do what it does well and suffer the consequences. Be an efficient machine bureaucracy where that is appropriate and do not pretend to be highly adaptive. Or be an adaptive adhococracy and do not pretend to be highly efficient. Or create some new configuration to suit internal needs. The point is not really which configuration you have; it is that you achieve configuration.

If you are forced to rethink your strategy and according organizational design - do you hold on to what you know or do you evolve in order to thrive - not only survive?

The question of the "right for your strategy" organizational design is not about solid, dotted or intersecting lines but rather how does the flow of Principles first - structure - roles - capabilities - information flow play out with an absolute minimum on policies, absolute maximum of adaptability, collaboration and co-creation.

Organizational design is a means to an end. Not more, not less. That end is to create a viable organization capable of achieving sustainable and innovative success in a dynamic and complex world. An organization is a complex and dynamic system in itself - and is under constant transformation regardless of the policies stored on a SharePoint site. The design you have sets up the conditions in which the information flows between the various parts of the organization. Spoiler alert: the best design will not help you if you do not foster a culture of how the three fundamental intentions behind your organizational design (e.g. flow of information, organizational behavior, and delivery) actually play out.

And keep your eyes keen onto the various pulls on the organization - if you ignore them, you chance to ignore the things that make your organization (and its culture) thrive.



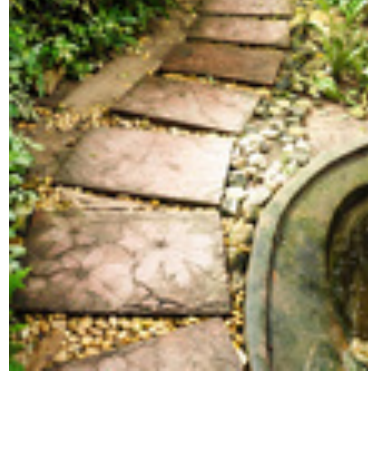
Professor Henry Mintzberg

@hrimprov

Is it right for you? Be aware of shiny pennies

101: The Fundamental Classics Syllabus

Designing Organizations: An Executive Guide to Strategy, Structure and Process - Jay Galbraith



Jay Galbraith is considered to be the world's business guru on global organization design. Almost everyone has in some way, shape or form been touched by the STAR - so that is why one should understand the design principles and considerations out of his own words.

www.jaygalbraith.com

Organization Design: Fashion or Fit? - Henry Mintzberg

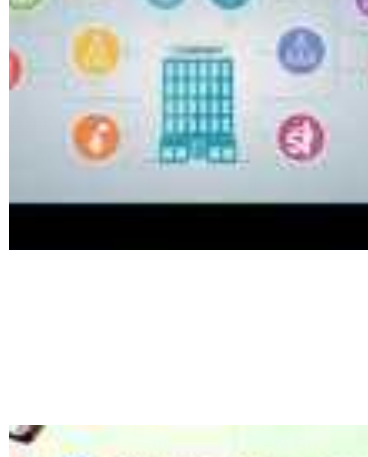


Why does a film production group leave its conglomerate company to start on its own? Why do large organizations with spin-off start-up divisions struggle? This article is from 1981 but for many of the questions, it could have been written last week.

Professor Henry Mintzberg and his 5 basic components idea are important when asking questions of fit for purpose.

hbr.org

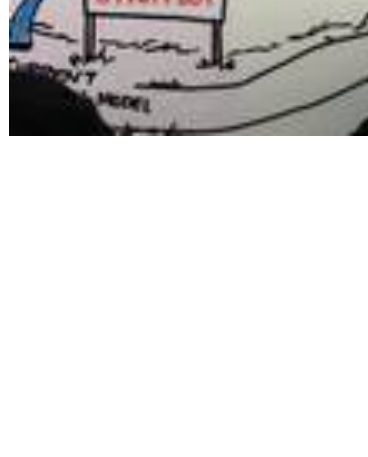
The 7½ Types of Business Organizational Structures



One picture to rule them all... This is a very quick but helpful intro into organizational design types.

www.youtube.com

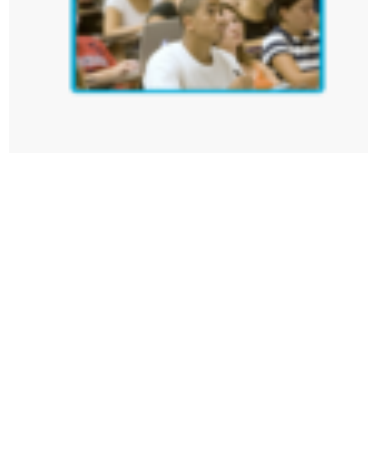
What is Organization Design? - Kates Kesler



This is a great (very quick) five minute animated overview of Galbraith's Star Model as well as the consultant Kates Kesler's Five Milestone Design Process. I take a similar approach and really appreciate the ease of understanding via a visual this clip makes. Thanks Kate!

www.youtube.com

PSYC473C - Industrial Organizational Psychology: 4. Organizational Structure on Apple Podcasts

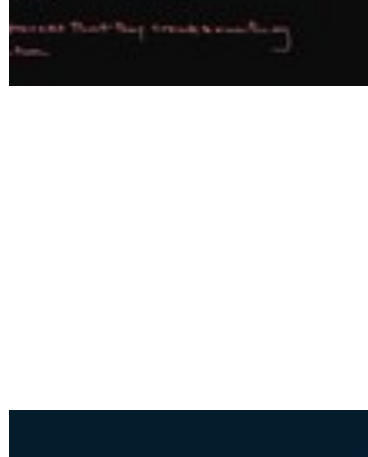


Ok - this I had to laugh at this one so that is why I am including. In 30 seconds or less, explaining pertinent thoughts on Org Structure design.

podcasts.apple.com

102: Going Deeper

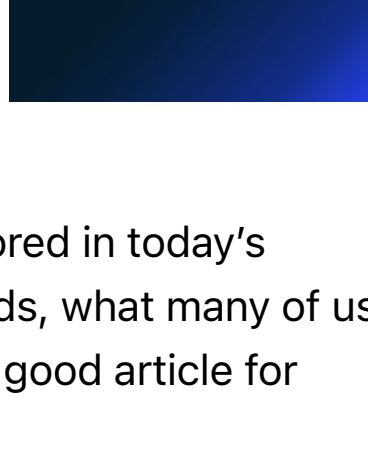
Developing an Organizational Structure - Alanis Business Academy



The Alanis Business Academy has some helpful business tutorials online. This 18 minute video is a good walk-through for anyone needed to dive a bit deeper into the why, how and what for a better orientation on developing an organizational structure.

www.youtube.com

Beyond matrix organization, the helix organization | McKinsey



"The matrix down? Well, here comes the helix. The helix is perhaps best understood in the context of matrix organizations that attempt but often struggle to integrate the functional, geographic, channel, and product units of large companies and that, after decades of experience, are now deeply anchored in today's people-management systems and culture." In other words, what many of us in medium to large size companies experience. This is a good article for those in the double-helix binds.

www.mckinsey.com

Survey: as a leader or HR, how did you learn the 101's of OrgDesign?

When I look at an org chart or talk about organizational design, I have two consistent mantras.

Do not build your organization around individuals or current capabilities.

At first look, it may seem easier to do, but it does not set oneself for adaptability, innovation, nor impact.

The second mantra is

An Org structure is not about the number of direct reports.

Previous leadership models had status tied to the number of direct reports (or having a company car) and there is an emotional response to this change. Nowadays it is about ones ability to generate great leaders, results, the scope of influence, nature of impact and the strength of relationships across networks.

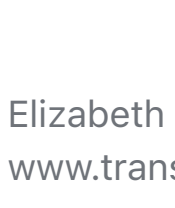
In organizational transformational change processes, it is very important to pay attention to these two mantras. If you ignore them - you ignore the second fundamental around organizational behavior.

My market is changing and you are at the precipice of thinking about what kind of organizational design would be better fit for purpose, I am happy to help you through the process. Thriving is an excellent space to be in.

All of my warmest regards,

Liz

Did you enjoy this issue? Yes No



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Feeding the Passion for Transformation: Be it Talent, Culture, Work or HR

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