

Designing organisations for success

Designing an organisation so it can operate more effectively is a bit like architecting a new version of a building, and often while people are already established in it! You can't shut the whole thing down, but you can redesign the layout, re-route the plumbing, and ensure it is more structurally sound.

A well-designed organisation connects what it does best with what the customer actually needs, and then builds a clear, flowing, and resilient system to make that happen (N.B. There is no such thing as a finished or perfect design).

There are four key building blocks of organisational design that don't just make a business *functional* – it makes it more productive and deliver better.

1. Start with value: strategy and competitive advantage

Before you design anything, you need to understand the *why*. Not just your mission statement or vision board, but a sharp, commercial understanding of the value your organisation delivers, and why people would choose you over others.

Michael Porter's strategic frameworks are a helpful anchor here. According to his model of competitive advantage, organisations typically succeed through one of three strategies:

- **Operational Excellence (cost leadership)** – Delivering similar value at a lower cost (think Aldi, Ryanair)
- **Product leadership (differentiation)** – Offering something uniquely valuable (think Apple, Patagonia)
- **Customer intimacy (focus/niche)** – Serving a specific market segment exceptionally well

Each of these strategies demands different capabilities. For example, a cost leader needs operational efficiency, supplier leverage, and ruthless prioritisation. Cost leaders will look to standardise, be consistent, and build repeatability of process.

Design rule: Strategy should dictate structure – not the other way around.

So, if your strategy is to be the most responsive service in your sector, but your organisation is optimised for internal efficiency and rigid approval chains, you're designing for the *wrong game*.

Ask yourself:

- What are the core problems we solve for customers?
- Where do we need to be excellent, not just competent?
- What strategic choices are we making – and what are we *not* doing?

2. Build around the work: value chains and flow

Once your strategic direction is clear, the next step is to understand how value gets delivered – not in theory, but in practice.

This is where the value chain comes in. A value chain maps all the activities required to deliver your product or service: from understanding demand, through production or service delivery, to customer feedback and improvement.

Many organisations design themselves around departments, not around how work and information actually flows. The result? Silos. Delays. Duplication of effort. Endless internal coordination meetings.

Instead, effective operating models:

- Map how work moves end-to-end
- Identify critical interdependencies and handoffs
- Remove duplication or processes that don't add customer value
- Streamline internal-to-external interfaces (e.g. how sales feeds delivery; how customer service links to product)

Design rule: Think work and information flow first. If value can't move through your organisation efficiently, neither can results.

For example, a service organisation that claims to be customer-centric but has 12 steps to resolve a complaint, each in a different part of the organisation, is not designed for value.

As you detail processes further and start designing jobs, it is also important to remember that work can be delivered differently e.g. AI and other technology solutions or outsourcing. This can deliver efficiencies that allow humans in the organisation to be much more effective.

3. Organise logically: teams, integration and alignment

After you understand the flow of value creation, you can start making decisions about structure. But this is where many leaders jump to "org chart panic" – 'moving the deck chairs around' and changing who reports to whom.

Instead, step back and ask:

- What work naturally belongs together?
- Where do we need cross-functional collaboration?
- Where is accountability currently unclear or duplicated?

Forming effective teams isn't about lines and boxes – it's about designing coherence and clarity.

Done well, structuring means:

- Grouping work that shares common goals, customers, or capabilities
- Minimising the number of handoffs or internal negotiations needed to deliver
- Creating the conditions for collaboration, not competition, between teams

Design rule: Design for flexibility and agility, aligning teams to the work.

Think of it as wiring your organisation so that energy flows where it's needed.

4. Govern to grow: decision-making, systems and metrics

Now you've got the structure – but how do things actually operate? That's where governance comes in: the invisible scaffolding that keeps things aligned, responsive, and moving forward.

Governance includes:

- **Decision rights** – Who decides what? Where is authority held? How do decisions get made?
- **Operating rhythms** – What meetings, systems, rituals, and forums keep teams focused and aligned?
- **Metrics and feedback** – What do we measure, and how do we learn?

Without governance, even the best-designed teams drift. With too much governance, they stall in bureaucracy. The aim is for clear 'rules of the game' that empower people to act with confidence.

Design rule: Good governance doesn't restrict; it empowers action.

It also allows for course correction. When strategy shifts, and it will, effective governance helps you adapt without chaos.

Three questions to guide your organisation design

Designing an organisation isn't about ticking boxes or copying what the competition does – it's about making deliberate choices that connect your strategy, your systems, and your people.

Here are three that should be front and centre in every design conversation:

1. Are we organised around the value we deliver or around ourselves?

If your internal structure makes perfect sense to insiders but is a nightmare for customers (or new hires, or partners), it's time to rethink it. Start with the value you're trying to create and work backwards. That's where true coherence starts.

2. How easily does work and information flow across the organisation?

Look for friction: duplicated tasks, rework, gaps between intent and action. These are design clues. The smoother the flow, the faster your organisation can learn, adapt, and deliver.

3. Do our decisions, systems and measures reinforce what matters most?

Are you measuring what's meaningful, or what's easy? Are decisions made by the right people, at the right level, at the right time? Governance should be a force multiplier.

Final thought:

Great design is a continuous act of aligning your purpose, your processes, and your people, so they work with each other and not against themselves. It's felt in seamless handovers, clear priorities, confident decisions, and teams that know exactly how they contribute to something bigger.

Design isn't just structure. It's strategy in action.