



5 Keys to Designing Slim Structures

Uncertainty is not going away! We need to get over it!

You may be thinking of downsizing for survival, realigning after a cost cutting exercise or maybe it's refocussing your organisation on more profitable areas while managing rising cost pressures. Whichever it is, organisational structures need to be slimmed down if your organisation is going to be well positioned to succeed.

However, you also know that blindly cutting costs or blindly making changes is bad for business and damages people. From my experiences there are 5 keys you need to pay attention to when designing slim structures.

Leaders contend with a headwind of challenges, we help you and your people deliver continued success.

The 5 keys to designing slim structures:

1. Razor Sharp
2. Focus on the work
3. Every level counts
4. It's all about alignment
5. People count



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Any intelligent fool can make things bigger, more complex, and more violent. It takes a touch of genius — and a lot of courage to move in the opposite direction.

Ernst F. Schumacher, *Small Is Beautiful*

1. Razor Sharp

When it comes to designing slim structures, a razor sharp strategy is a critical step, this means you must be able to choose what not to do. I was working with a global charity a few years ago, they were under pressure to downsize due to increasing competition and the changing landscape of fund raising. However, they struggled to stop what they were already doing and could articulate a many great reasons why each activity must continue.

Difficult choices will need to be made such as focussing on profitable customer segments while not investing in what may be exciting new market opportunities, this may mean whole business units, departments and teams may be made redundant. Why is this important...even with the latest enabling technologies, to add real value the people in your slim structures will only have the capacity and capability to support a razor-sharp strategy. To decide which structure has the best fit to your strategy a set of evaluation criteria then need to be created, we call these design criteria.

2. Focus on the work

By now you may be wondering, why haven't you told me how to create a slim structure yet? The reason for this is structures (a.k.a. lines and boxes) don't actually get the work done. You need to **focus on the work that that delivers your razor-sharp strategy.**

Map out these activities by bringing together the people who hold the knowledge, influence and interest in delivering the work. Use brown paper and postits or a virtual whiteboard to map the work through the organisation including: where it begins, the value adding activities, where it goes to and the evaluation activities to ensure the work is done right first time. It goes without saying that this is the moment to consider what enabling or replacing technologies could be implemented to reduce the need for human capacity through "invest to save" initiatives.

3. Every level counts

Often the minefield of “Ps”, power, perceptions, preferences, personality, pay, pension, and professions can influence the size and shape of any organisation. Creating a slim structure needs both courage and empathy to work through this minefield because many people and their families will be affected by the changes.

Identifying the preferred overall structural architecture is a critical step in designing slim structures. It is important to again remember that structure is there to enable the work to be done, to deliver your razor-sharp strategy. There are at 5 archetype structures including:

- Functional
- Divisional
- Process
- Matrix
- Network

Each of these have pros and cons which need to be explored together with any hybrid options that may emerge from the design process. All the options need to be scored against the design criteria together with the pros and cons and any team design work to select the best fit.

Remember organization design is about choices. There is no perfect design, there are just designs and compromises.

It's obvious to say that flatter structures may have lower middle management costs but be aware that there are always trade-offs including loss of specialisms, poorer decisions and poorer accountability due to larger teams.

Designing a slim structure means every level and function needs to significantly add value to delivering the strategy.

This is why mapping out the work is so important as you design your teams and the critical few levels needed to manage your organisation. We worked with a global pharmaceutical company where a level of managers were identified who only checked on other peoples work. They were not part of quality, audit or certification. A couple of simple questions exploring the purpose they fulfilled (unclear) and what was the work they planned (none), delivered (none) and evaluated (others) identified over £1m savings.

Following on from the above a leaders span of control needs to be considered when designing slim structures to ensure an efficient and effective structure. Using a combination of the work mapping, capability demand assessment and design criteria as inputs, 3 criteria need to be reflected on when deciding on teams spans of control:

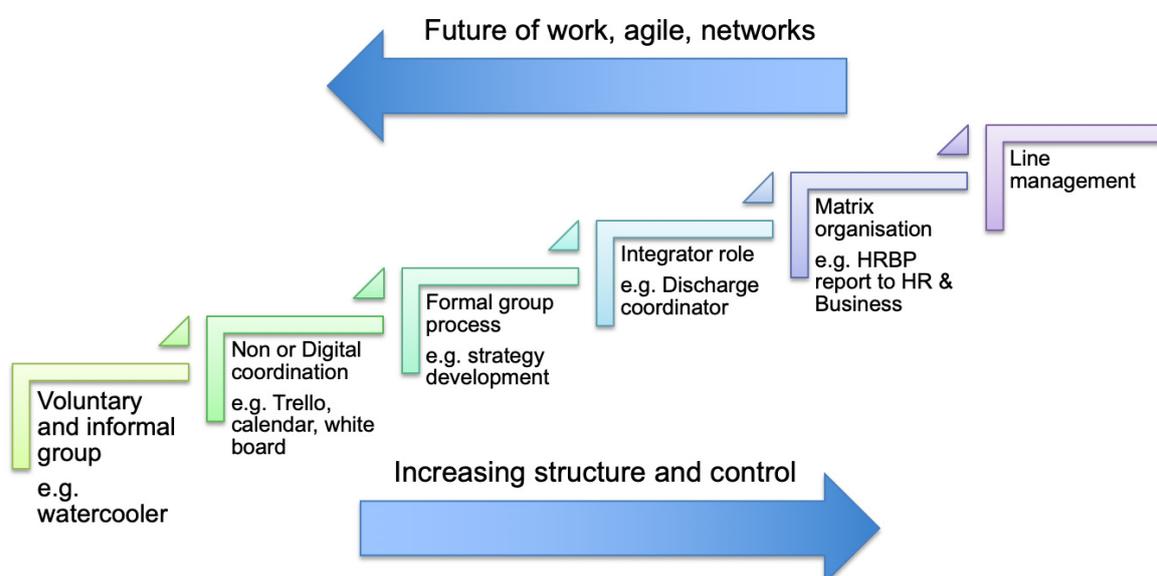
- **Technical complexity** – considering how complex the work processes are, how wider a range of equipment or services are used, how complex are the control and regulatory systems
- **Social complexity** – considering the variety of roles, geographical spread, the diversity present in the team and any working hour differences
- **Rate of Change** – considering the rate of change in the teams technical work and social aspects described above.

4. It's all about alignment

One of the major issues of slim structures is poorer coordination and alignment due to the loss of middle management levels. This means you need to create spaces for informal organisation i.e. relationships to flourish and intentionally design coordination mechanisms into the organisation to answer the strategic questions.

Identify the critical few coordination mechanisms as there's a balance to be made to ensure the resulting organisation design doesn't overwhelm people's capacity nor paralyse the organisation. A great way to identify these is by walking through a set of scenarios using the future work maps you created earlier. Example alignment mechanisms which you can consider are described below.

Galbraith's Ladder



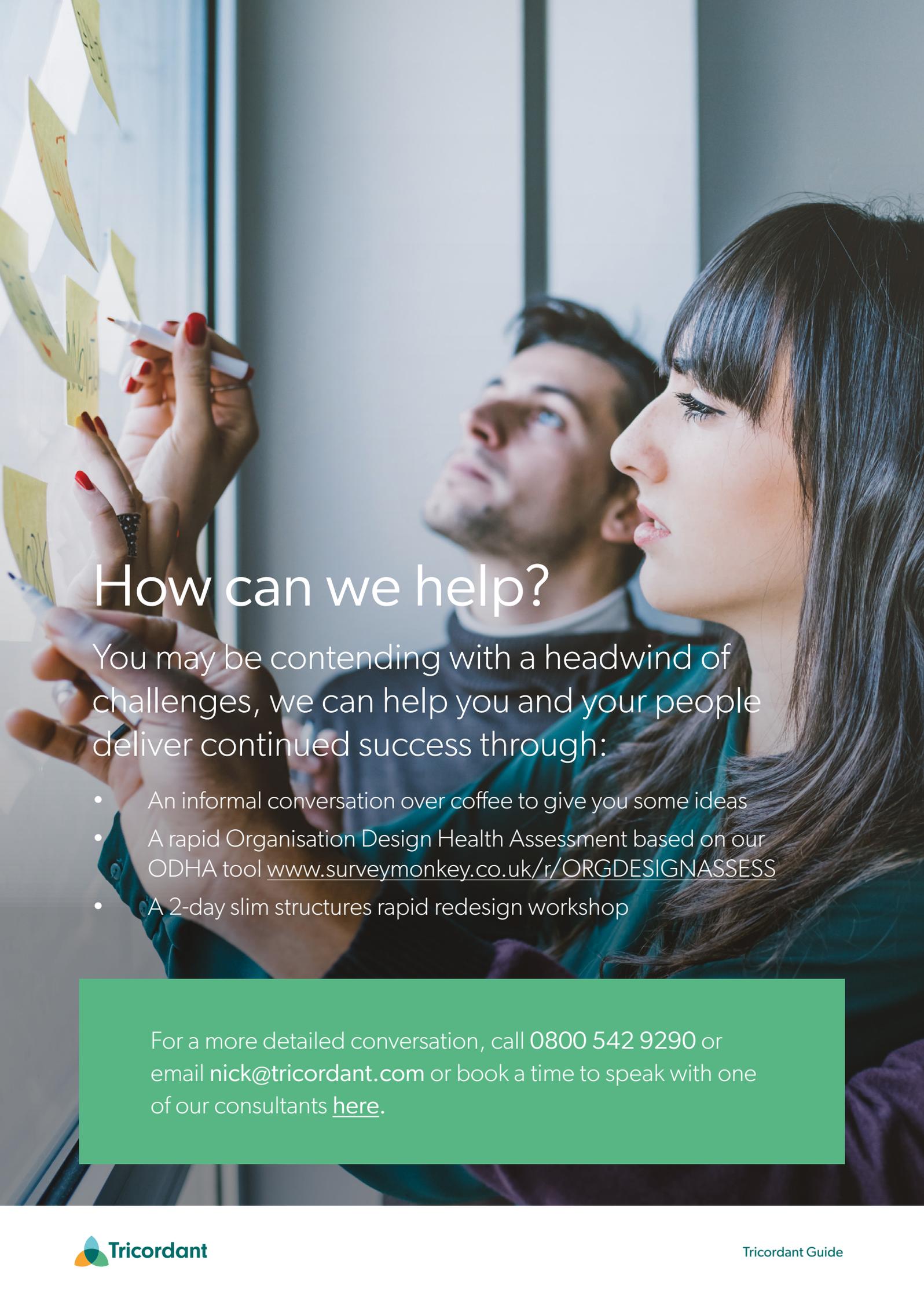
5. People Count

By now you will have realised that to do this work will require significant detailed knowledge of your organisation, how it operates, the power and dynamics at play plus a deep understanding of the dynamic environment in which your organisation exists. As you know, we all have biases which can lead to missed opportunities. However, we also know that collectively our people both hold the knowledge of our organisation and are able to collectively make better sense of a dynamic environment than any 1 person. So my simple message is:

Your people count, don't try doing this work alone.

Equally engaging those affected by the design will not only increase ownership but also better outcomes, as Marvin Weisbord says, "People support what they help to create." Creating a slim structure does not mean you need to be secretive, in fact my experience is the opposite. It is better to have an honest and transparent conversation with your people right from the beginning.

I was working with a Tier 1 supplier to the Ministry of Defence to help design a slim structure. We agreed with the client that to do this work properly a cross section of stakeholders, needed to be engaged in a meaningful way from the beginning...even if they may lose their jobs through the redesign process. During a workshop I watched groups of people working together to redesign the organisation, eliminating their own roles as they progressed. One senior manager was talking as he redrew the organogram, saying "you don't need my role anymore" he then wrote his name on the side to highlight people who were at risk. People want to make a meaningful contribution, even if it impacts their role.



How can we help?

You may be contending with a headwind of challenges, we can help you and your people deliver continued success through:

- An informal conversation over coffee to give you some ideas
- A rapid Organisation Design Health Assessment based on our ODHA tool www.surveymonkey.co.uk/r/ORGDESIGNASSESS
- A 2-day slim structures rapid redesign workshop

For a more detailed conversation, call 0800 542 9290 or email nick@tricordant.com or book a time to speak with one of our consultants [here](#).