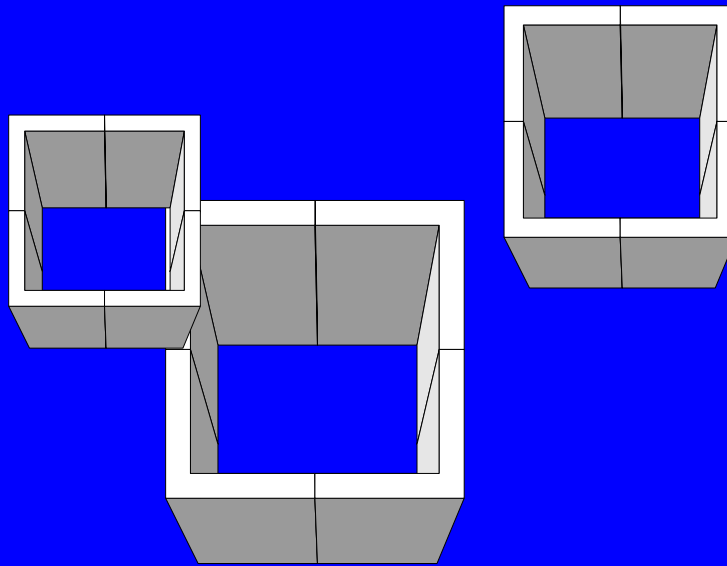


# Organization Frames: Building Blocks for Organization Design



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Polygon Consulting

Ray Svenson  
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Consulting

# Agenda

- Why this approach
- Introduction to the organization frame
- Step-by-step walk-through
- 3 applications
- Practice exercise
- Wrap-Up



# Process vs. Organization Structure Design

- Process design focuses on how work gets done (e.g., work activities, inputs & outputs, cross-functional linkages, output metrics)
- Organization structure design focuses on who does the work (e.g., functions & jobs, scope of responsibility, territories, work assignments)

# The Typical Application of Process Design/Redesign

- Tends to be for improvement of large cross-functional processes
- Bits and pieces of jobs and departments may get redesigned but not whole jobs and functions
- Other key processes may go untouched
- Result can be a “process tunnel” drilled through an otherwise unchanged organization

# The Classic Organization Structure Redesign

- Focuses on jobs and incumbents; work processes are invisible
- People may be moved around to different jobs but with little impact on performance
- Work processes may become fragmented and even be destroyed
- Not much gain in performance

# Which Approach?

- If you apply organization structure design techniques alone, you can miss the details of how work will get done, especially across different organizational units (departments, divisions, functions, territories)
- If you apply process techniques to organization design, you usually don't end up with a complete design

# A Process-Centered Approach to Organization Design

- An organization is an instrument to transform inputs into outputs in service of business objectives
- Processes are the means of achieving the transformation of inputs into outputs
- Our belief is that a macro process model is the best first step to organization design

# The Organization Frame

- A key tool in process-centered organization design is the Organization Frame
  - Provides a high-level view of the “should-be” processes for a given organization
  - Enables the designer to develop an organization structure that optimizes process performance
  - Tool is applicable to any organization, any size, any business
  - Applies to organizational restructuring and to start-ups

# The Organization Frame

## *Definition*

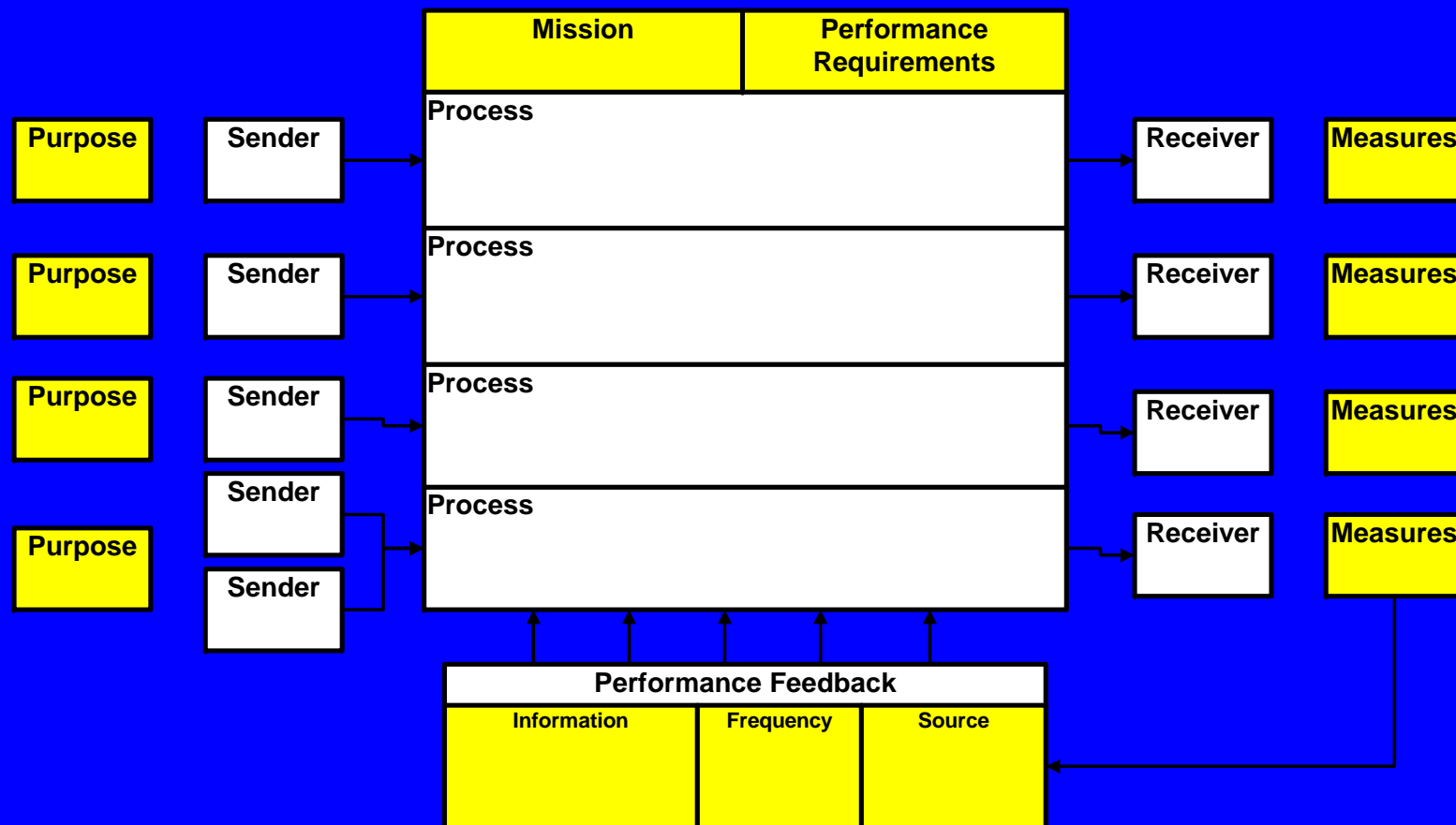
A tool for visually representing the macro design of an organization on a single page

# The Organization Frame

## *Components*

- Macro Design includes:
  - Organizational mission
  - Performance Requirements
  - Customers
  - Suppliers
  - Inputs
  - Outputs (products & services)
  - Core processes
  - Performance feedback

# The Organization Frame *Template*



# The Organization Frame

## *Value*

- Excellent tool for:
  - Depicting & analyzing the current organization
  - Modeling the new structure
  - Linking the structure to processes & jobs
- Moves clients from an “org. chart” view of organization structure to a systems & process-oriented view

# The Organization Frame

## *Levels of Application*

- Typically applied to a function or department
- Can also be applied to an office, region, team, or a single job
- Can be applied across an entire business

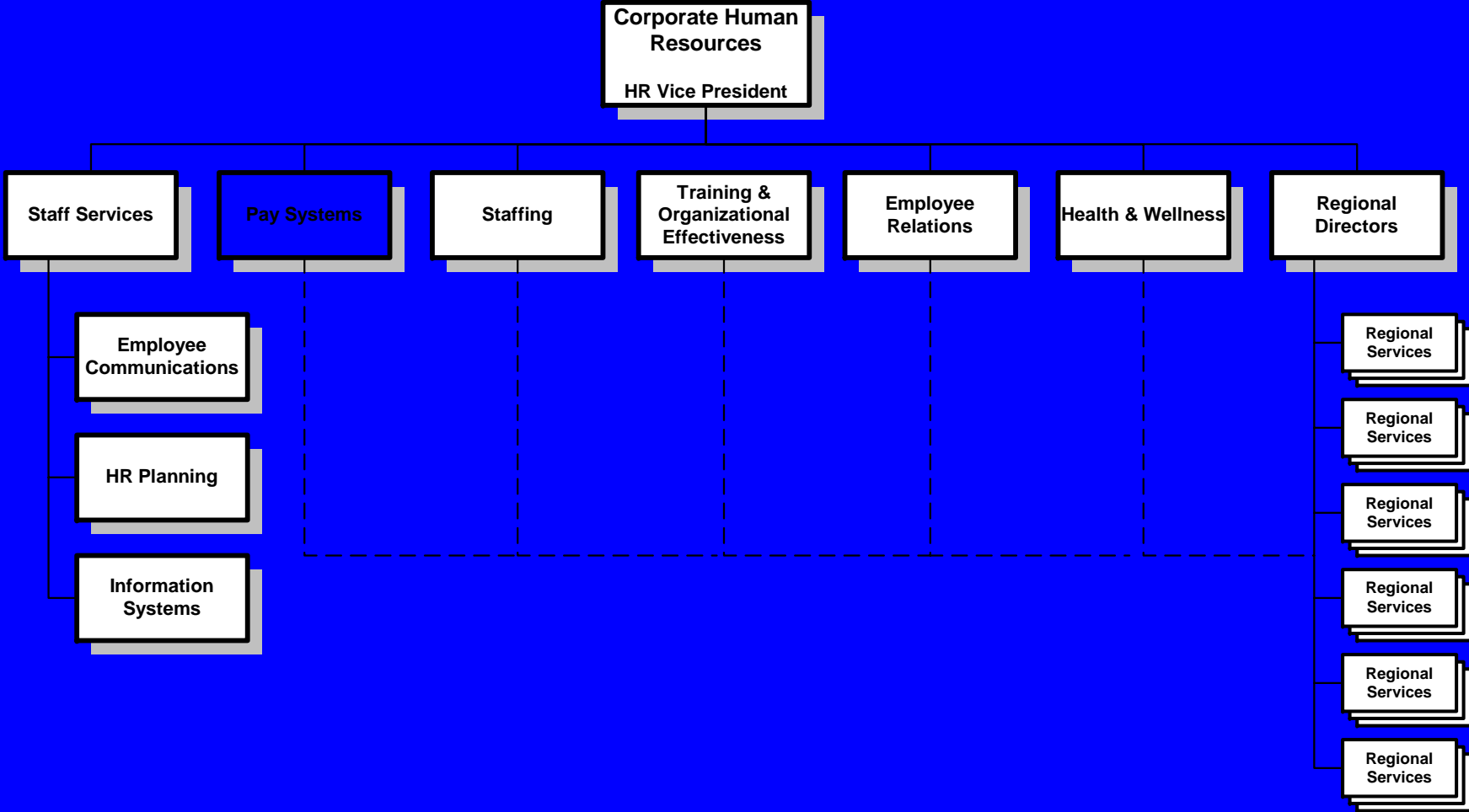
# The Organization Frame

## *How to Build One*

- Identify the organizational scope
- Identify the processes
- Build an organization frame for the selected organizational scope

# Human Resources

## *Identify Scope*



# Human Resources

## *Derive Organizational Mission*

The mission of the Pay Systems function is to design & maintain pay systems that reward and reinforce individual and team achievement, and help to retain key talent

# Human Resources

## *Derive Performance Requirements*

- **Pay equity with industry leaders...**
- **Pay & benefits cost containment...**
- **High retention ratios of key highly compensated employees**

# Human Resources

## *Identify Process*

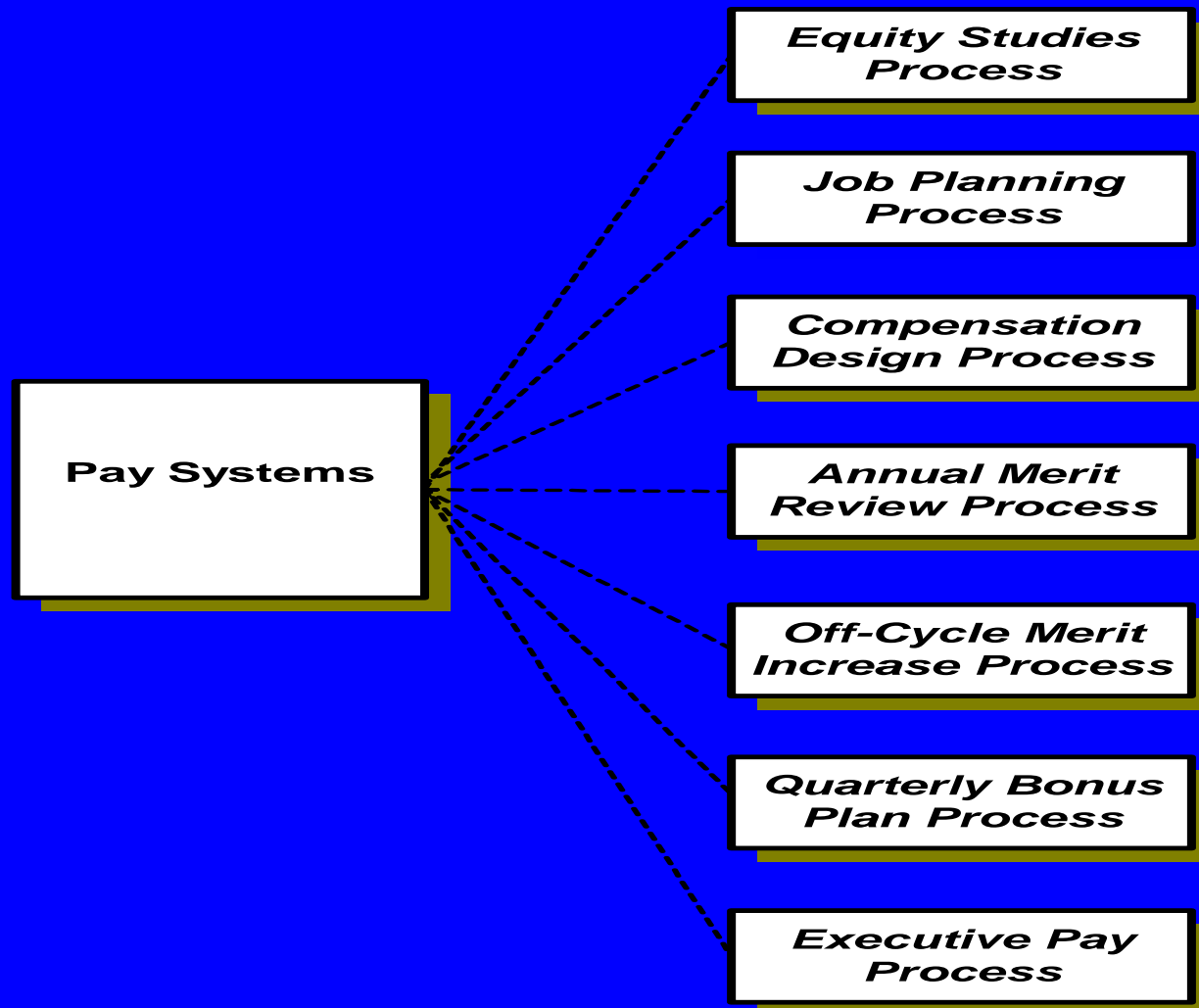
### Employee-Related Services

- Recruiting
- Staffing
- Orientation
- Direct Labor Pay Systems
- Indirect Compensation
- Employee Health Services
- Lifestyle Services
- Performance Review
- Employee Discipline
- Training
- Employee Development
- Benefits Administration

### Organization-Related Services

- HR Planning
- Executive Succession Planning
- Organization Design & Improvement
- HR Data Management
- Annual Organization Review
- Training & Development Planning Process

# Pay Systems - Processes



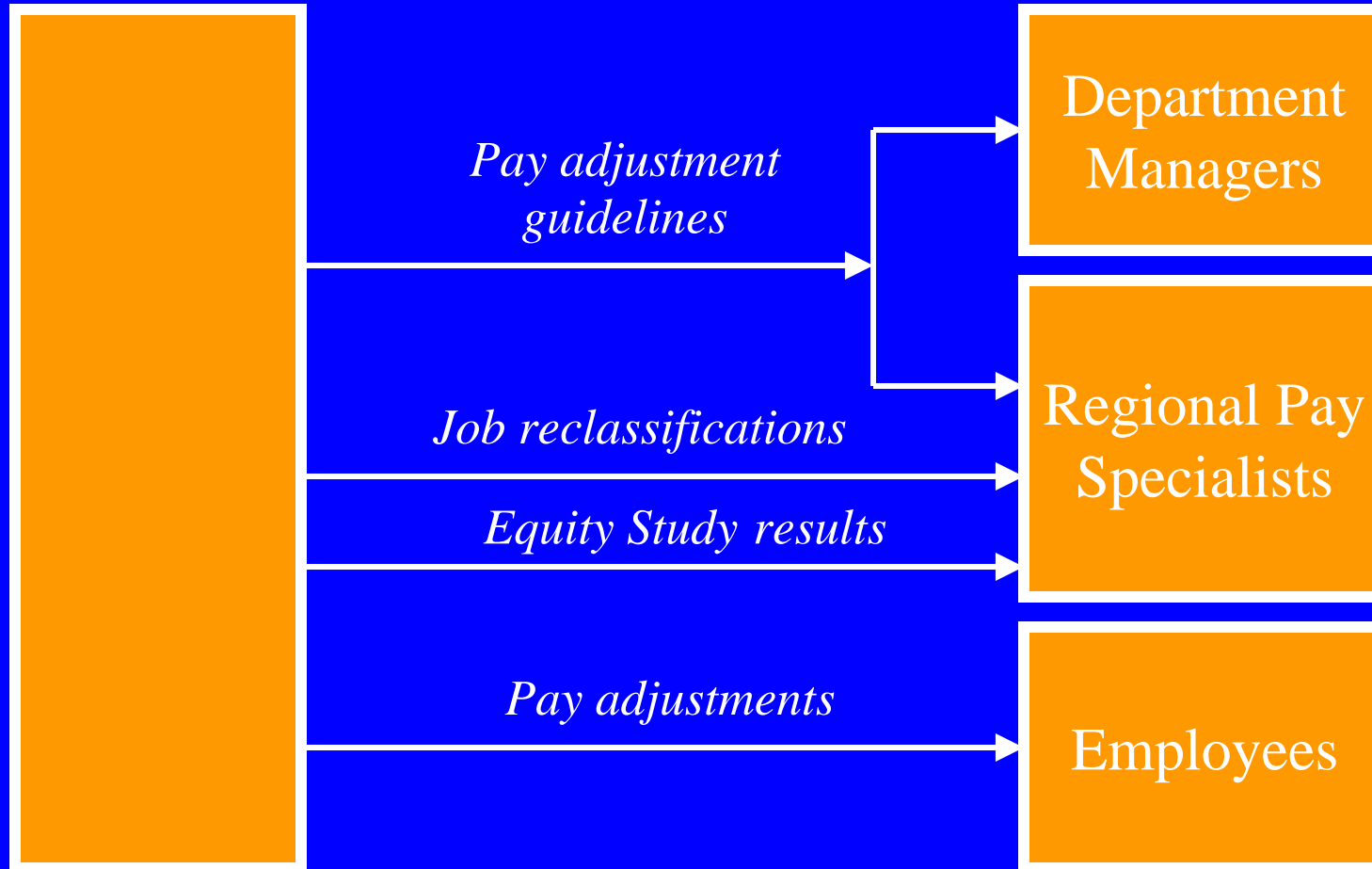
# Human Resources

*Define Purpose of the Process  
(i.e., Equity Studies process)*

The purpose of this process is to ensure acceptable retention ratios by periodically assessing external pay equity against regional businesses and industry leaders

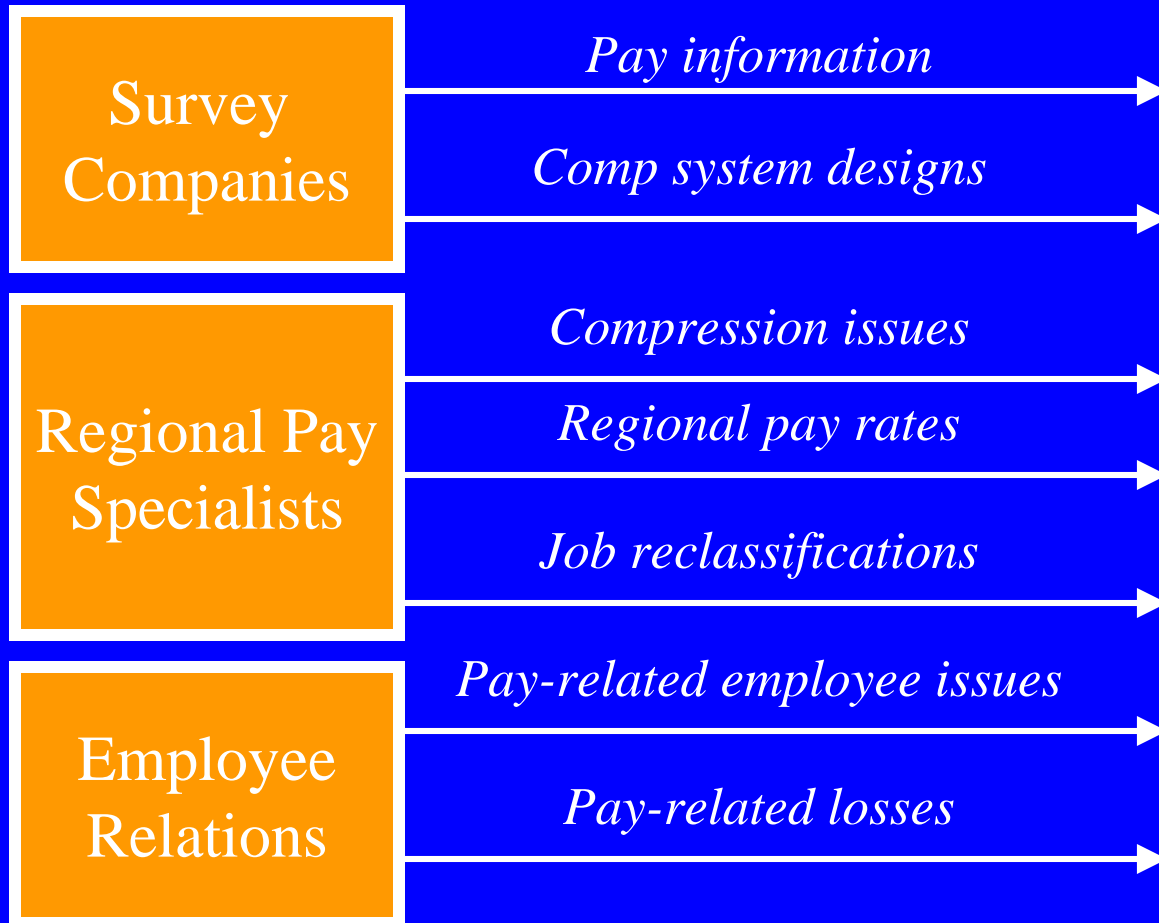
# Human Resources

## *Identify Outputs & Receivers*



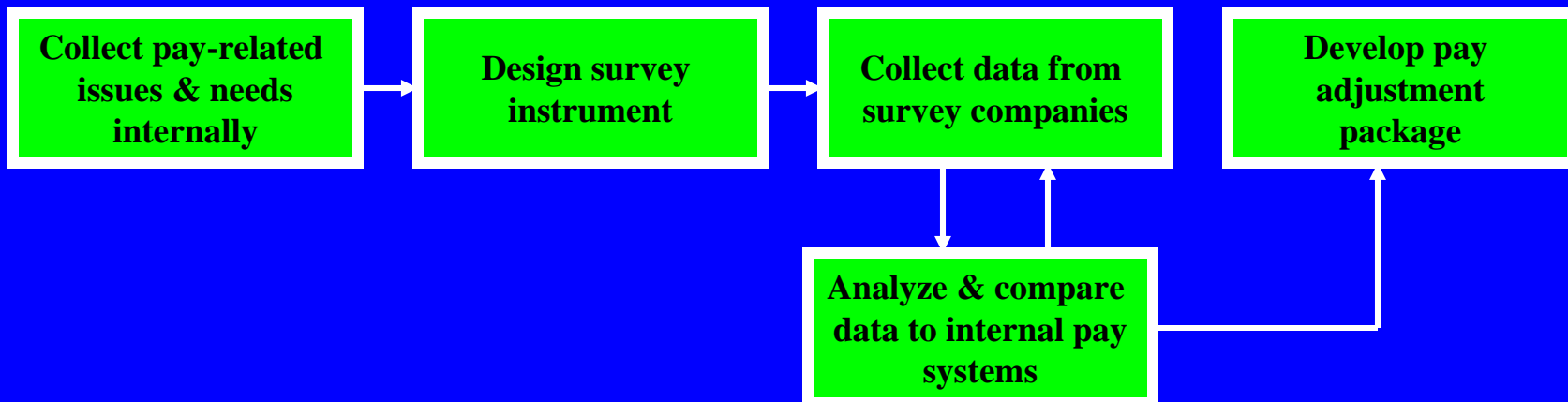
# Human Resources

## *Identify Inputs & Senders*



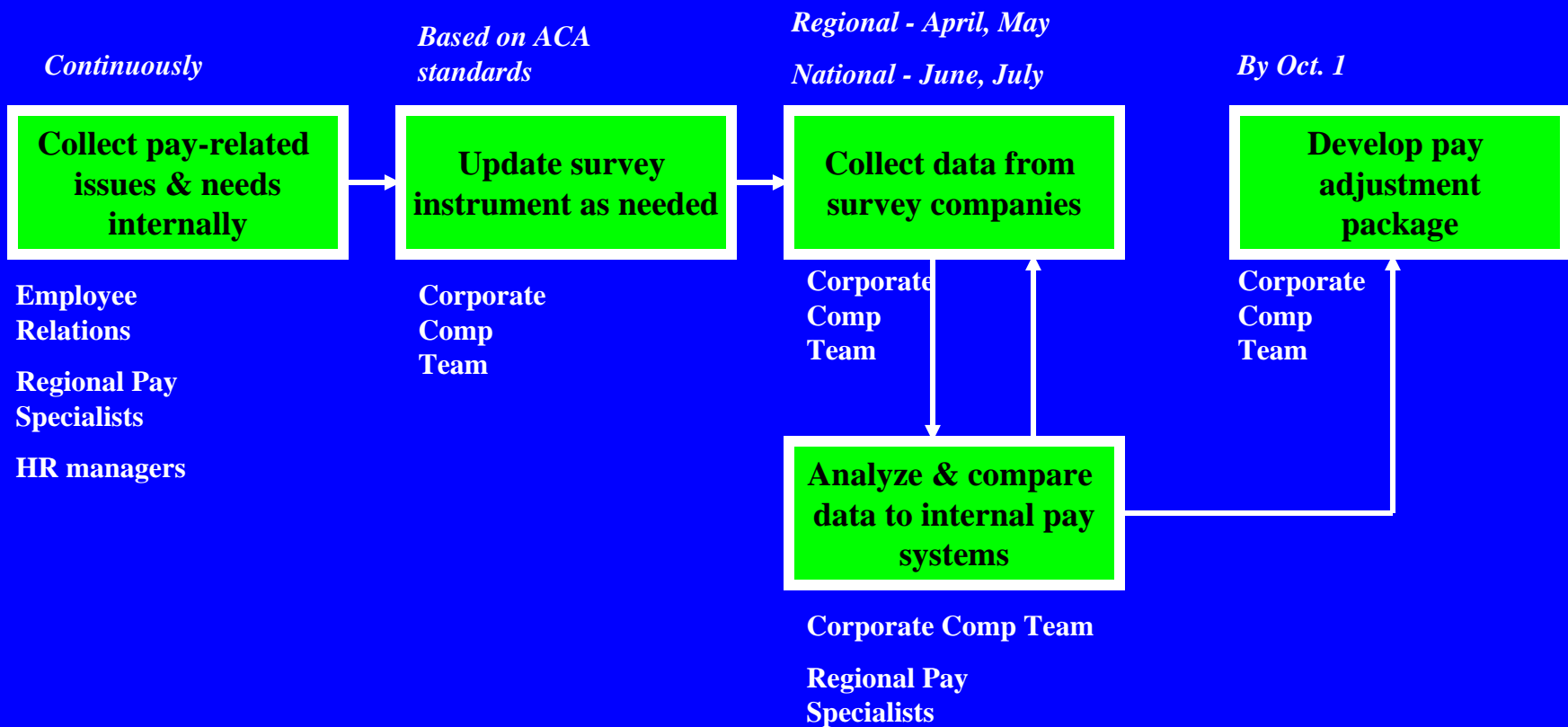
# Human Resources

## *Define the Process Steps*



# Human Resources

## *Identify Performers; Add Supporting Information*



# Human Resources

## *Define Measures*

### Short-Term

- On-time completion
- Quality of survey results

### Long-Term

- Maintenance of pay equity with industry leaders
- Retention rate of key employees

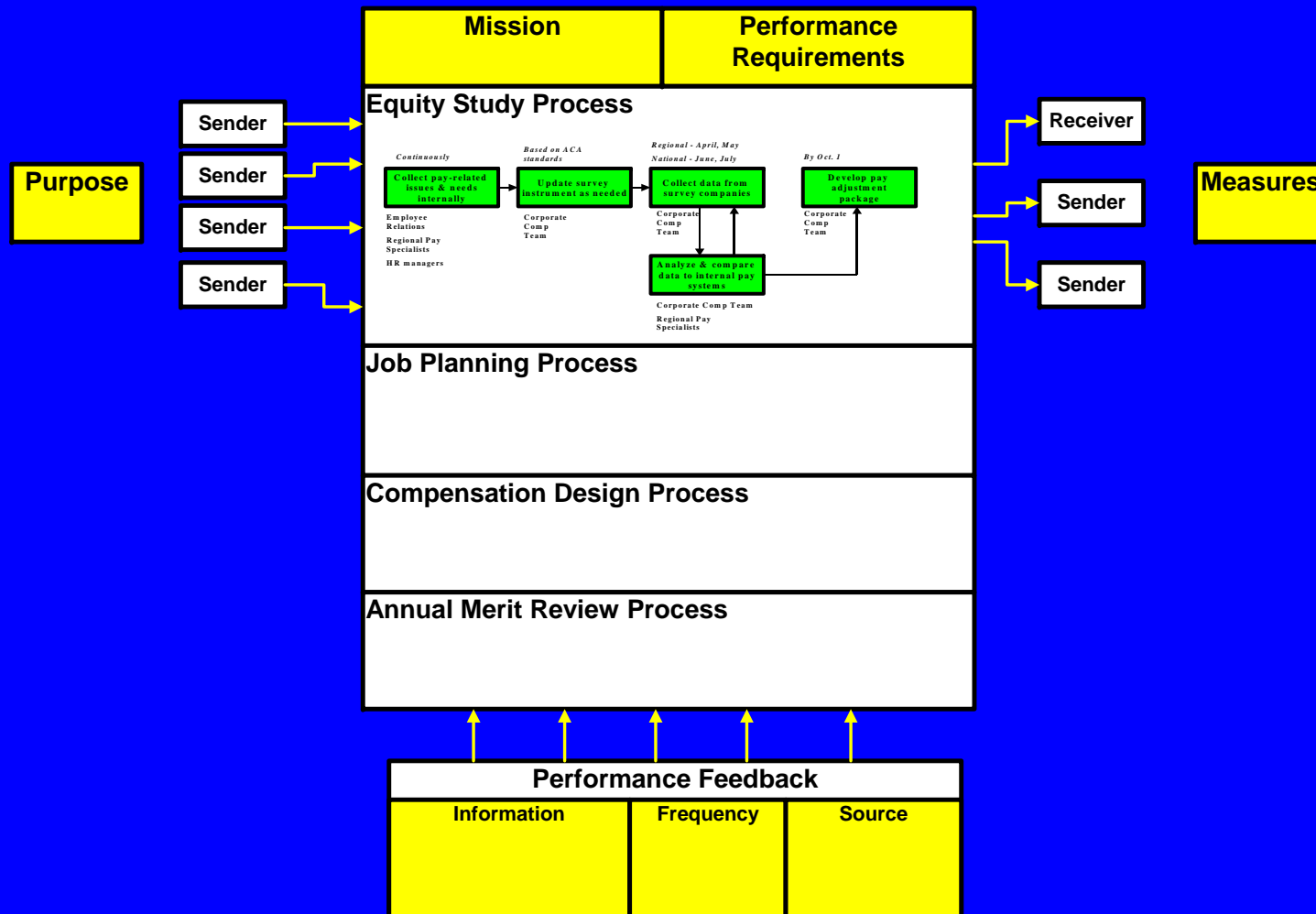
# Human Resources

## *Define Performance Feedback*

Information	Frequency	Source
•Accuracy of survey data	Annual	Survey companies
•Skill of survey specialists	Annual	Survey companies
•Quality of survey analysis	Annual	Regional specialists
•Effectiveness of pay adjustments	Quarterly	Employee Relations
•Impact on employee morale	Monthly	Employee Relations
•Maintenance of industry leadership in pay	Annual	ACA

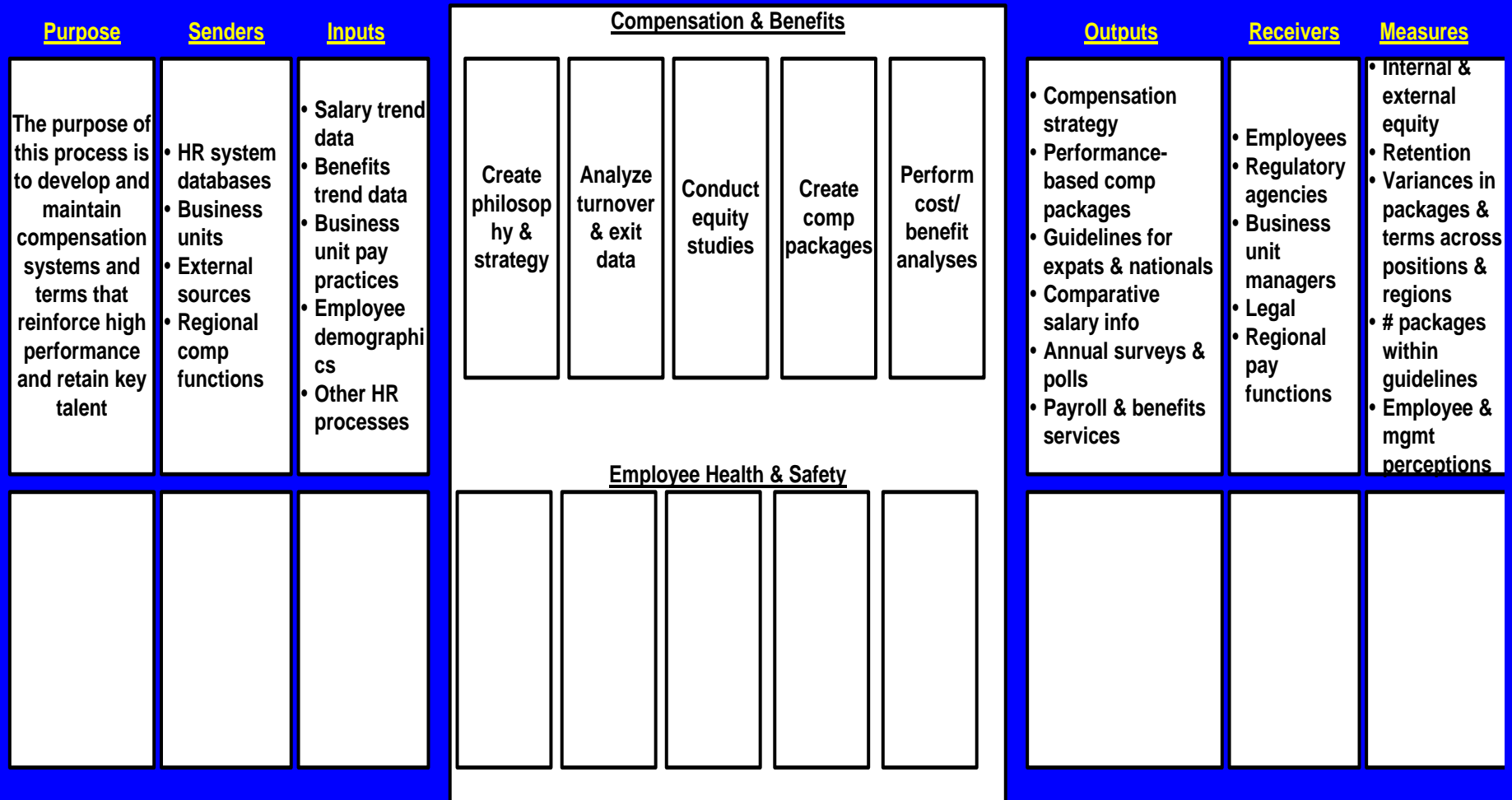
# Human Resources

## Complete the Frame with Other Processes

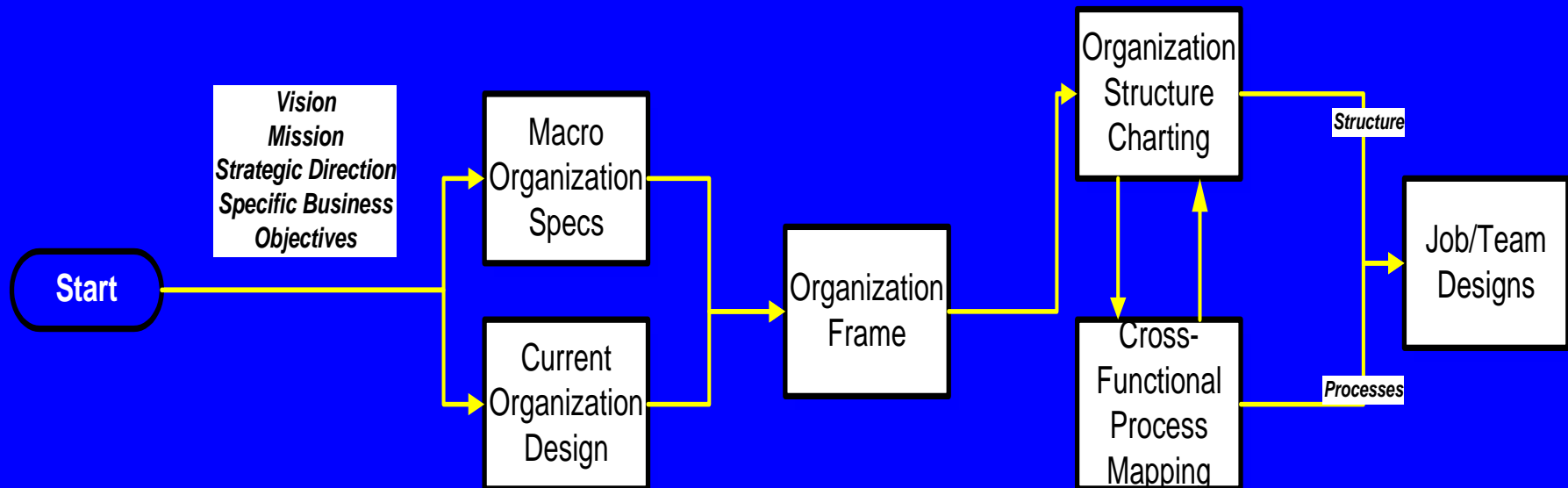


# Human Resources

## *Generalize at Organizational Level*



# Organization Design Process

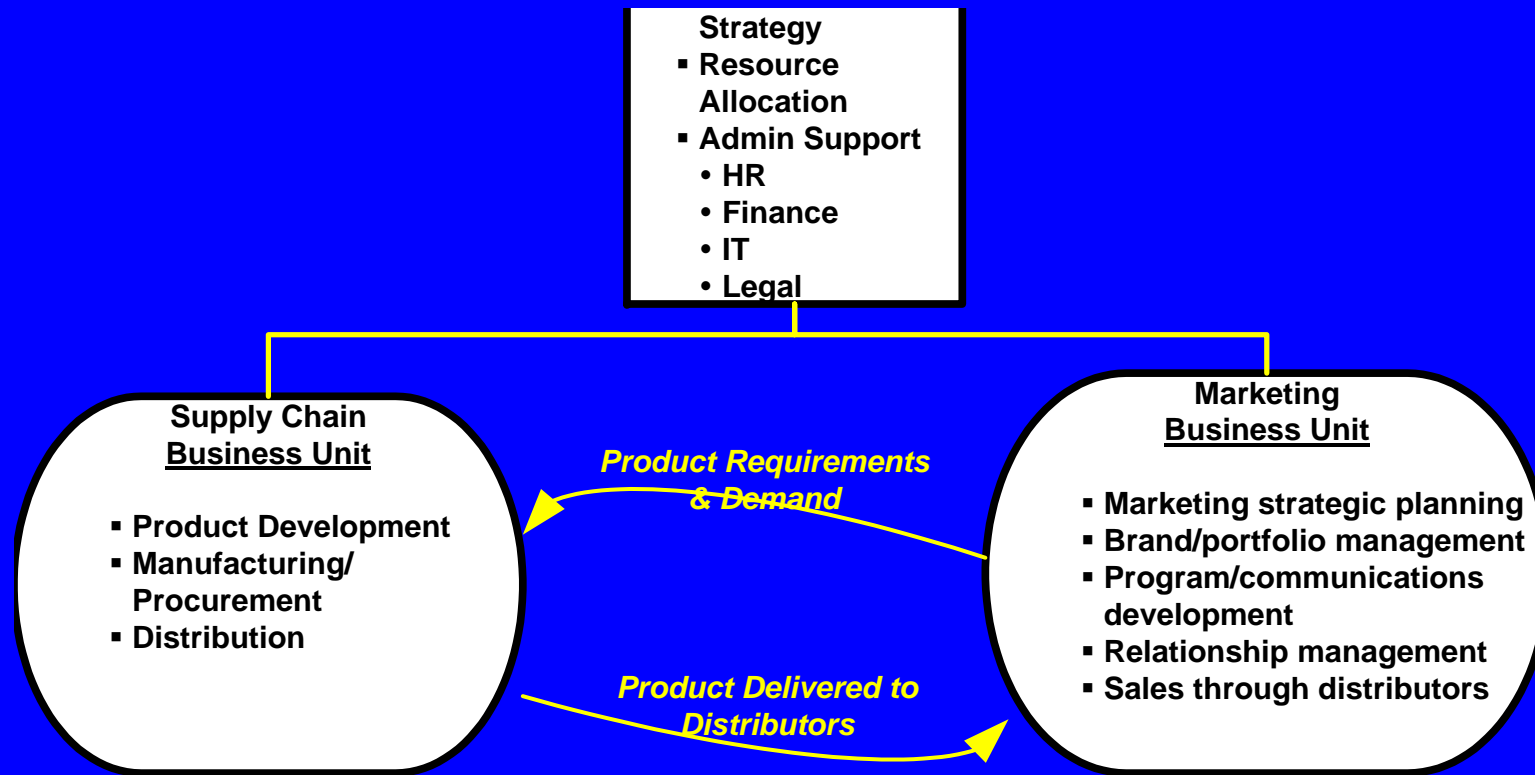


# Global Consumer Products, Inc.

## Current Situation

- Global Consumer Products Business
  - Product development & manufacturing in North America
- Each country is its own business unit
  - Product specification
  - Marketing
  - Sales (through distributors)
  - Customer service
  - Supply chain (within country)
- Central management of supply chain to country borders

# New Macro Design



# Marketing Macro Organization Specs

## Marketing Strategic Planning

- Global marketing strategy
- Brand/business line plans (each business line)
- Region/country sales & marketing strategic operating plan

## Brand/Portfolio Management

- Portfolio management
- Launch/promotion
- Discontinuance
- Centers of excellence

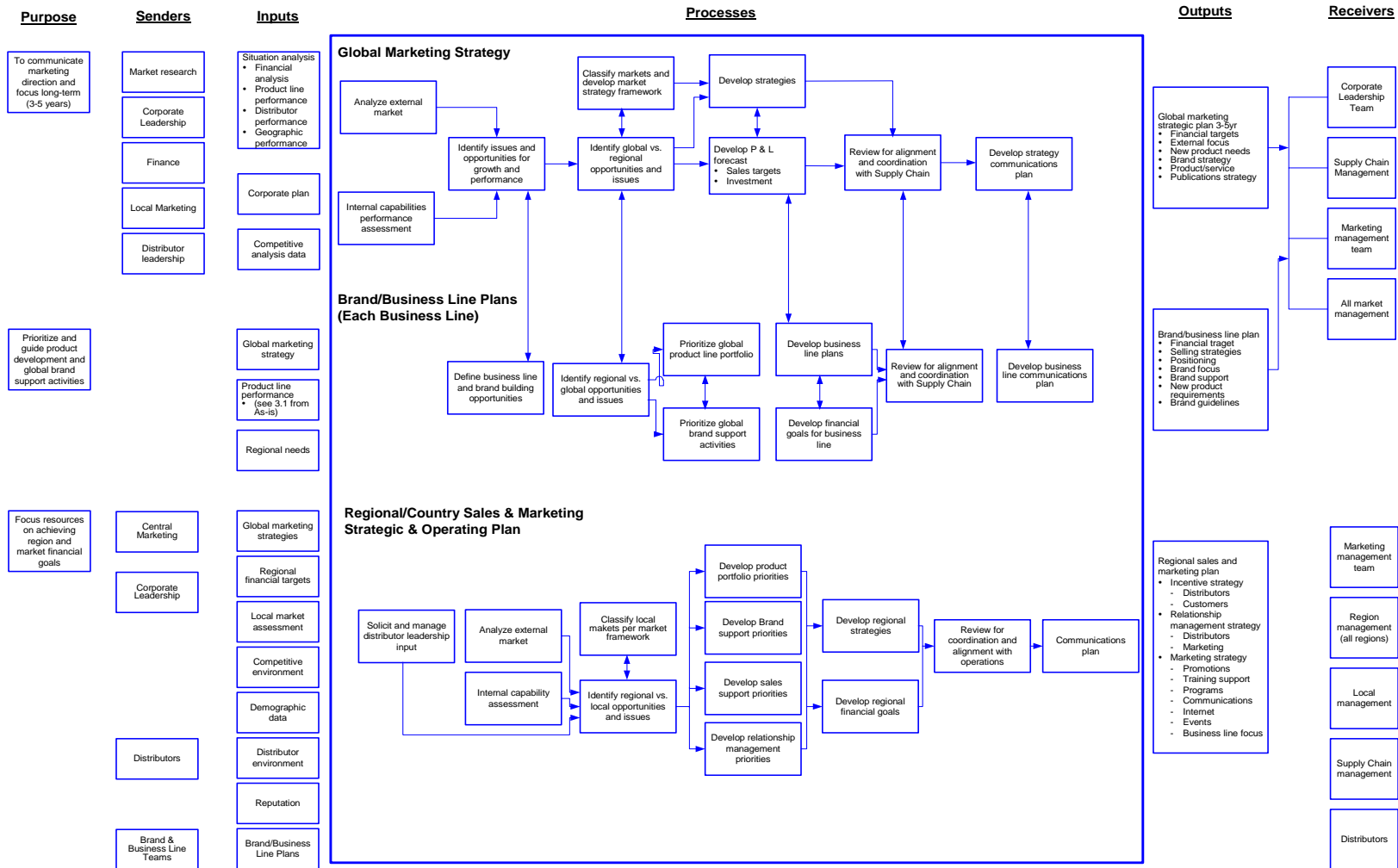
## Program/Communications Development

- Product-related events
- Promotions
- Marketing communications
- Product/business training
- Internal communications from marketing

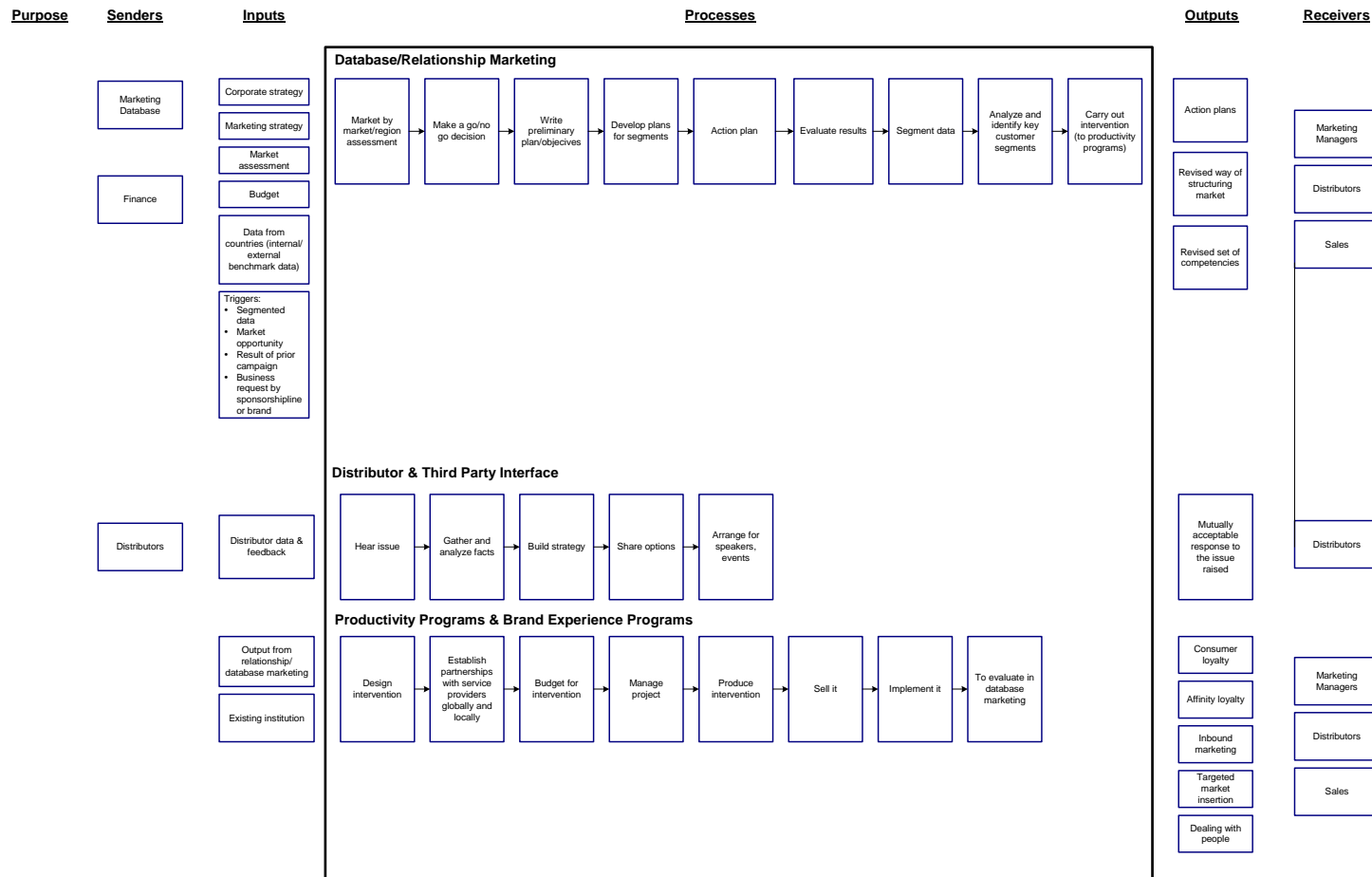
## Relationship Management

- Database/relationship marketing
- Distributor and third-party interface
- Productivity program & brand experience programs

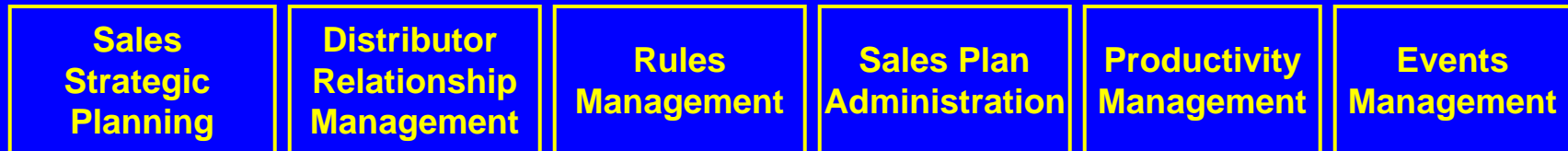
# Marketing Strategic Planning Organization Frame



# Marketing Relationship Management Organization Frame



# Sales Organization Specs



- Sales global strategic planning
- Sales regional strategic planning
- Sales individual markets strategic planning

- Relationship management

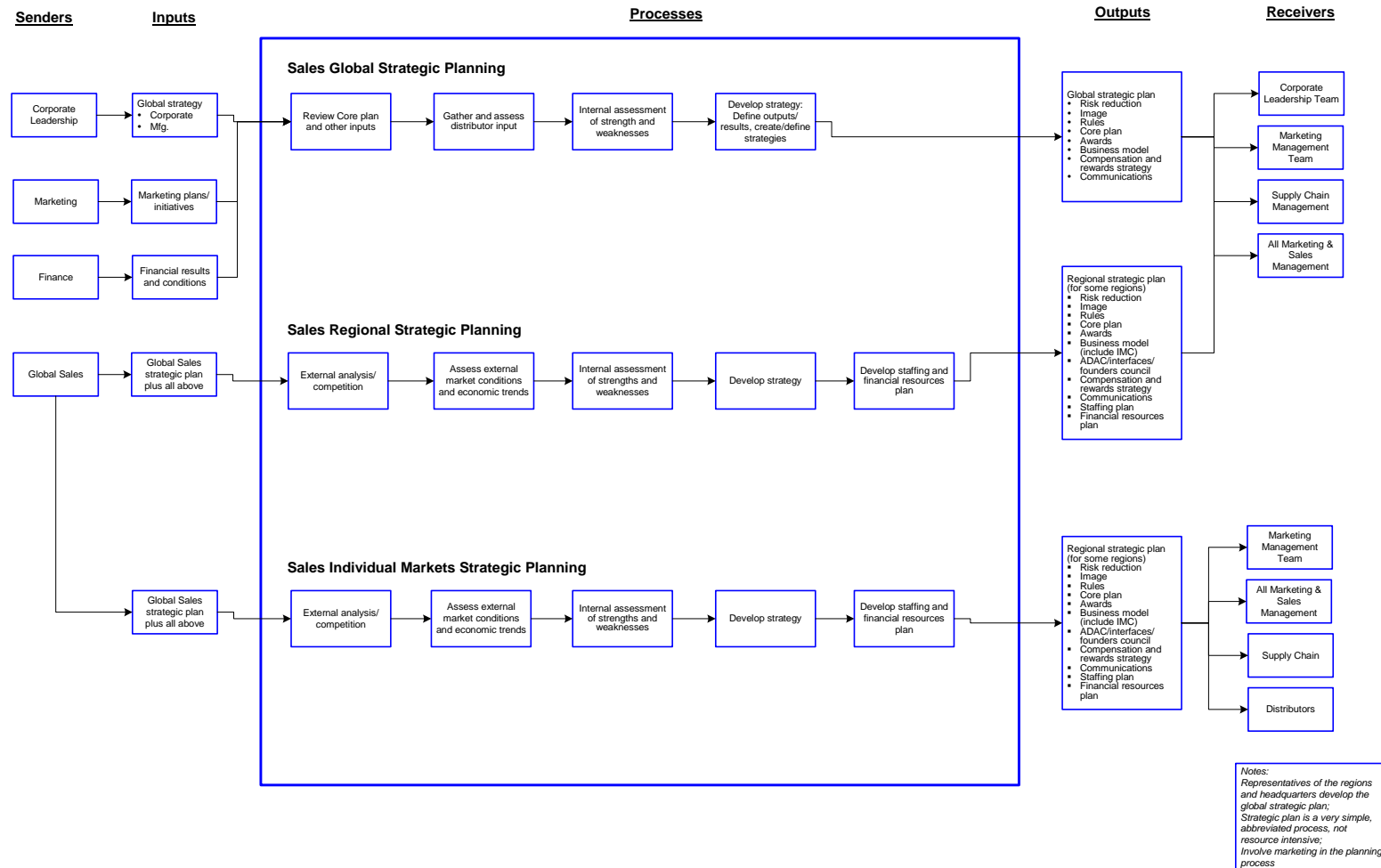
- Conduct and rules
- Business support materials (BSMs)

- Business Unit headquarters support
- Region/local

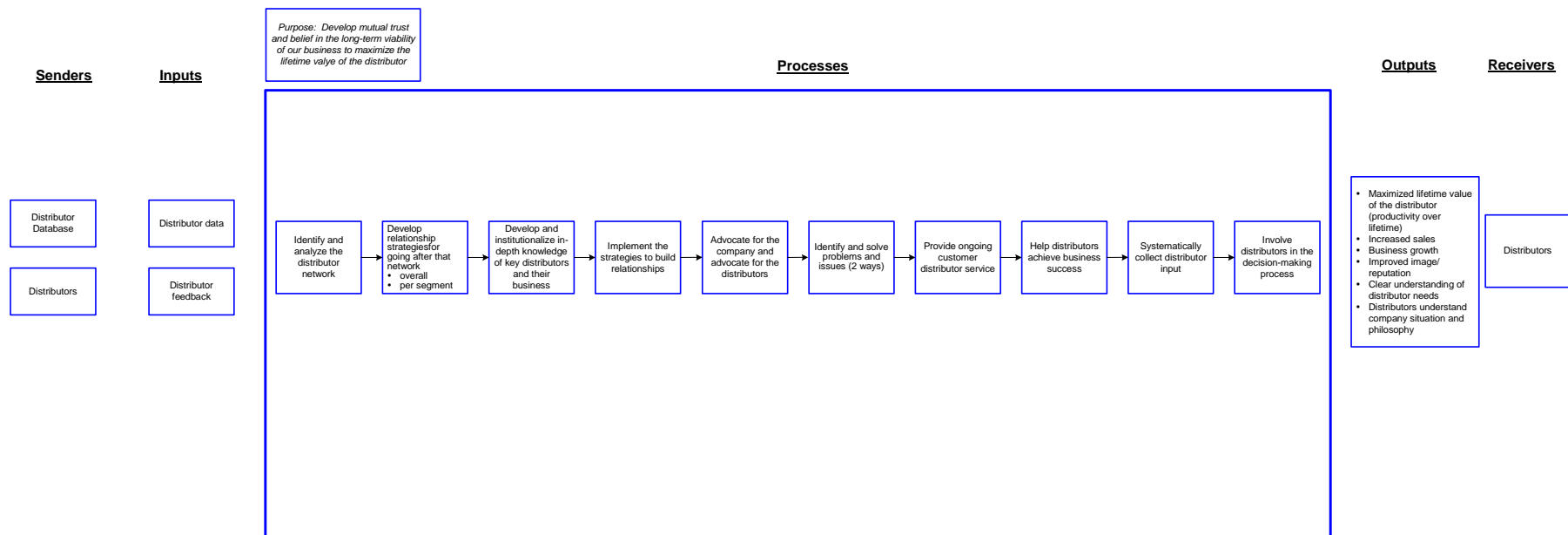
- Distributor productivity management

- Events Management

# Sales Strategic Planning Organization Frame



# Sales Relationship Management Organization Frame



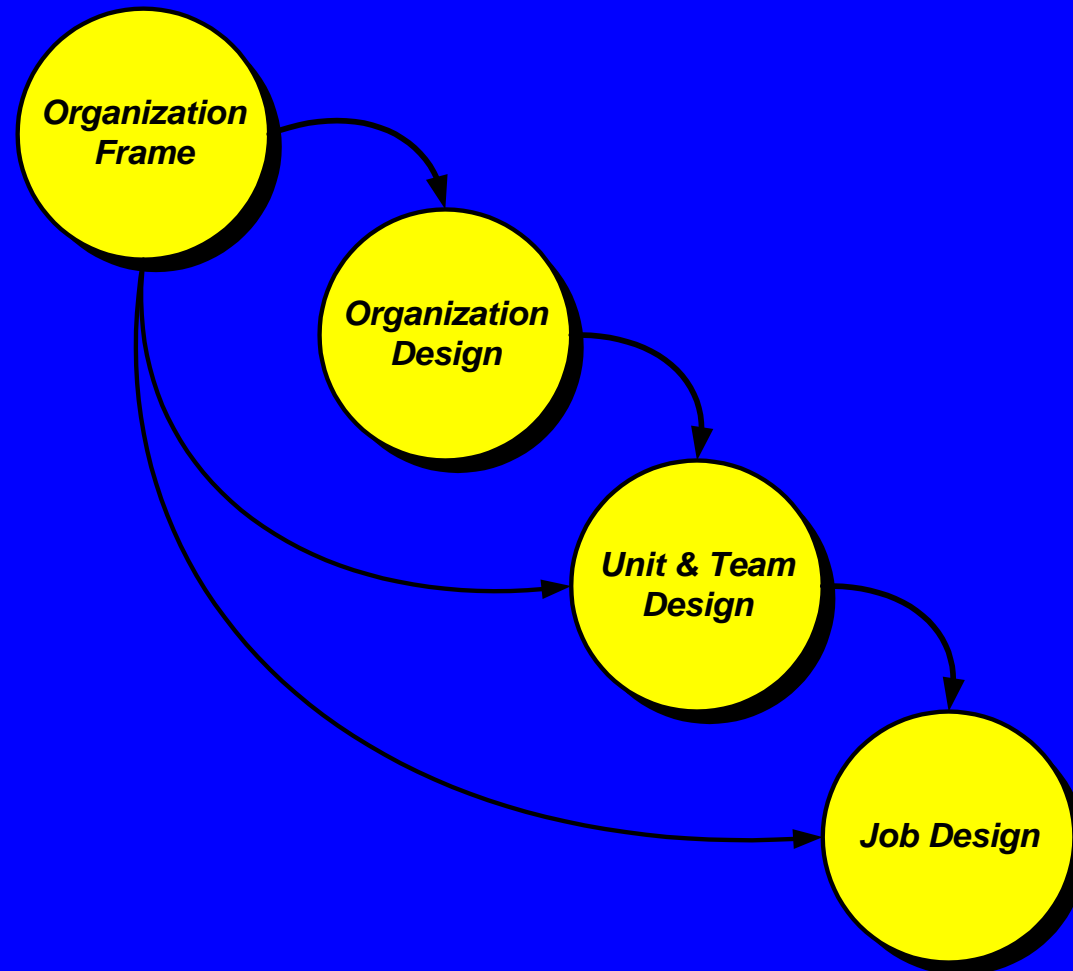
# Marketing and Sales

## Process Integration Ideas/Benefits

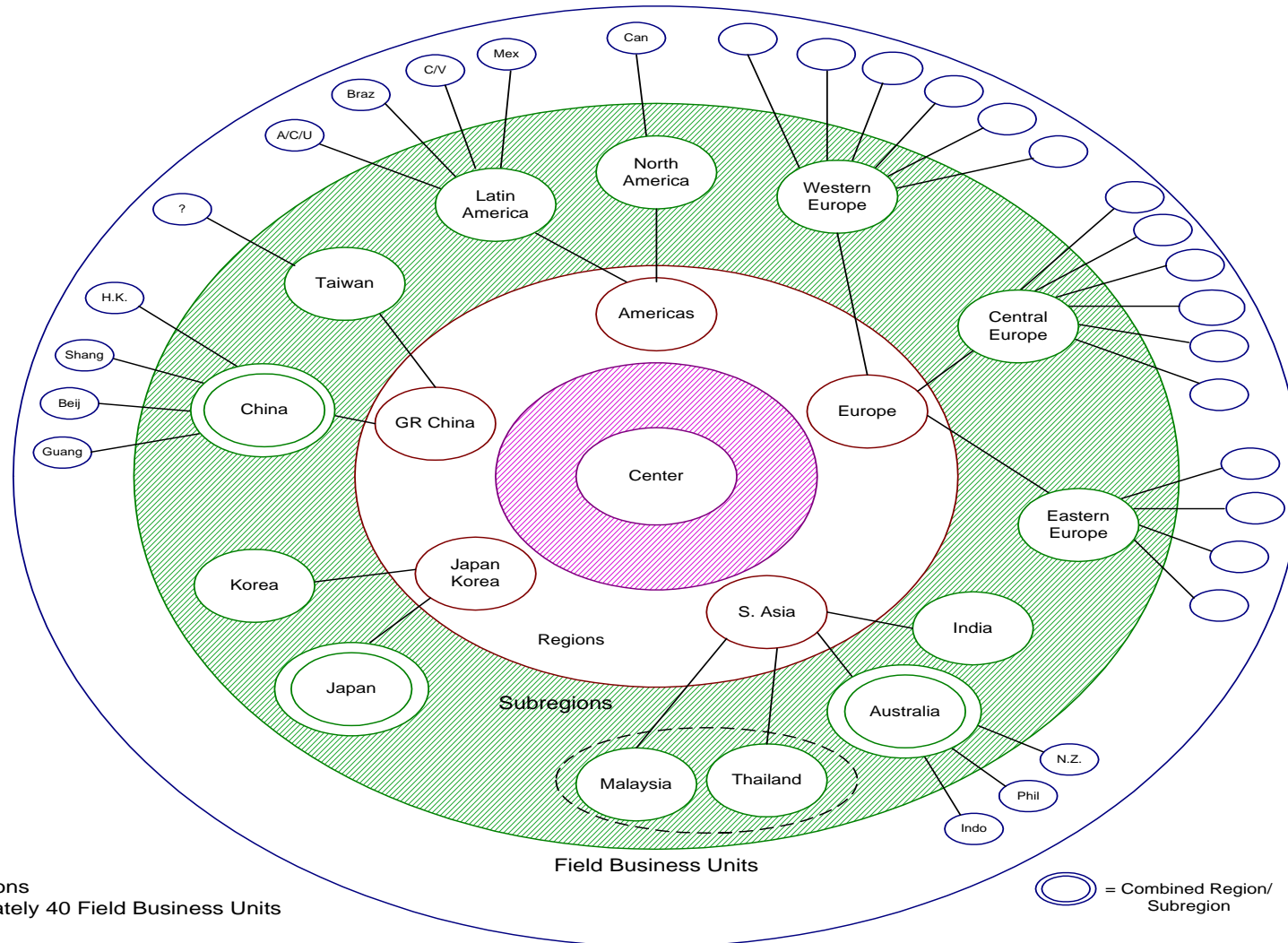
<b>Process Integration Ideas</b>	<b>Benefits to Expect</b>
Combine marketing and sales strategic planning into a total Marketing business plan	Buy-in from everybody Shared accountability for results
Combine relationship management and distributor relationship management processes	Speaking to distributors with one voice/one channel
Integrate/combine communications processes	Same message Eliminates conflicting messages and clutter Reduce overlap or redundancy
Integrate distributor training (product and business)	Increased sales and productivity Reduce overlap or redundancy Shared accountability Reputation
Integrate product promotions, marketing strategies	Alignment of sales drivers
Integrate planning of and participation in events	Eliminate duplication, reduce costs Align message Higher quality meetings, best practice More efficient use of distributor time/travel time Schedule coordination

# Organization Frame Guides

## 3 Levels of Design



# High-Level Structure View



April 13, 2003

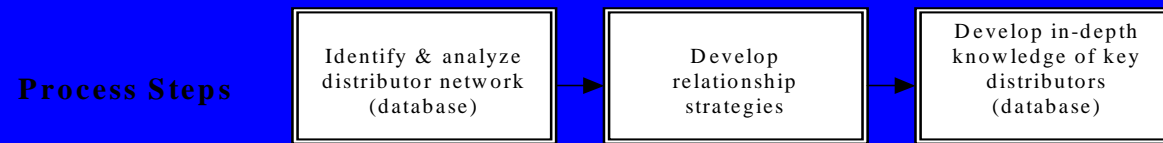
Organizational Frames

# Structural Concept

Region	Sub-region	Field Business Unit (FBU)
<ul style="list-style-type: none"> <li>• Represents the region on global governance teams</li> <li>• Leads a region governance team structure               <ul style="list-style-type: none"> <li>– Business leadership team</li> <li>– Marketing and sales strategy</li> <li>– Business line teams</li> <li>– Sales administration team</li> <li>– Events team</li> <li>– Support team</li> </ul> </li> <li>• May develop marketing, merchandising and sales activities</li> <li>• May or may not have a region central staff</li> </ul>	<ul style="list-style-type: none"> <li>• Develops marketing, merchandising and sales activities</li> <li>• Expandable</li> <li>• Could be:               <ul style="list-style-type: none"> <li>– 1 country</li> <li>– More than 1 country</li> <li>– Part of a country</li> </ul> </li> <li>• Backup and support for Field Business Unit</li> <li>• Functional capability:               <ul style="list-style-type: none"> <li>– HR</li> <li>– Finance</li> <li>– IS</li> <li>– Legal</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Varying sizes (2–50 people)</li> <li>• Basic front–line unit</li> <li>• Expandable</li> <li>• Could be:               <ul style="list-style-type: none"> <li>– 1 country</li> <li>– More than 1 country</li> <li>– Part of a country</li> </ul> </li> <li>• P/L responsibility</li> <li>• 1<sup>st</sup> line of distributor contact</li> <li>• Implement marketing, merchandising and sales activities</li> </ul>

# Structure/Process Matrix

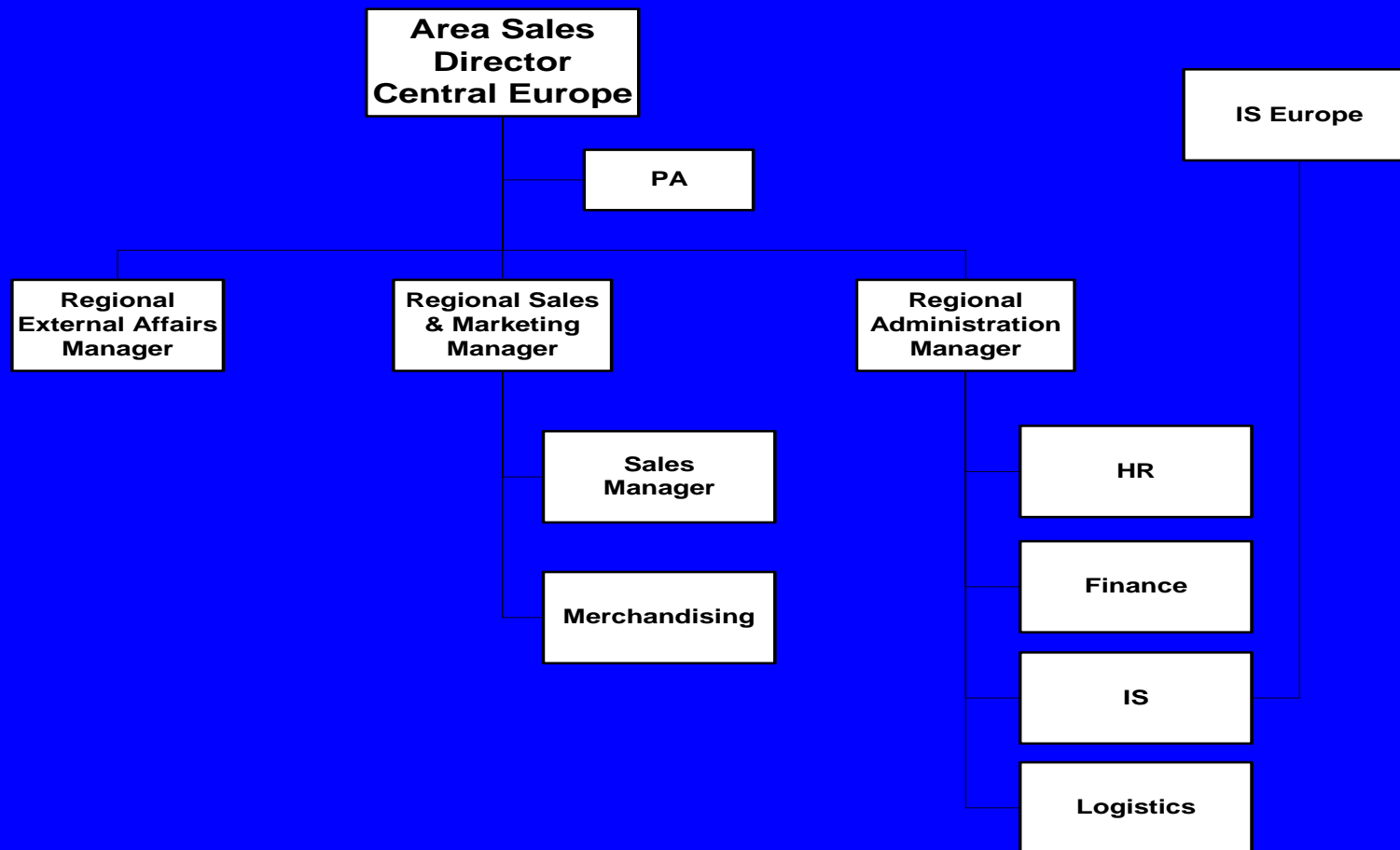
## Sales Relationship Management Example



Center	<ul style="list-style-type: none"> <li>- For global distributors</li> <li>- Maintain global database</li> </ul>	<ul style="list-style-type: none"> <li>- Global strategies</li> <li>- Application templates</li> </ul>	For global distributors
Region	<ul style="list-style-type: none"> <li>- For regional distributors</li> </ul>	Adapt to region	Add regional knowledge
Sub-Region	<ul style="list-style-type: none"> <li>- For sub-region distributors</li> </ul>	Adapt to sub-region	Add sub-region knowledge
Field Business Unit	<ul style="list-style-type: none"> <li>- For local distributors</li> </ul>	Adapt to local market	Add local knowledge

# Example Unit Structure Chart

## Europe Region: Central Europe Sub-region



# Job Design

– 63 different job models

- Position Summary
- Essential job responsibilities (linked directly to processes in organization frames)
- Vertical reporting links (up & down)
- Horizontal links (across processes)
- Background/experience requirements
- Knowledge, skills & abilities requirements

# Example Job Model

## Regional Sales Manager

<b>Roles</b>	<b>Job Responsibilities</b>
Distributor Relationship Management	▪ Define & analyze distributor network in region
	▪ Adjust global relationship strategies
	▪ Develop in-depth knowledge of regional distributors

# Key Points

- Organizational frame is useful for:
  - Defining how the business transforms inputs into outputs
  - Working tool to design “should-be” future state
  - Reference tool for:
    - Organization structure design
    - Detailed process design
    - Team and job design

# Key Points

- You don't have to have all the component parts for the tool to be useful
- It is an easy way for a design team from the real world to depict the work of the organization; they can do it quickly & not get bogged down in details
- Reviewing the work of separate groups (e.g., Marketing & Sales) can suggest new integrated alternatives