

**Metalogue**  
Change Consultants

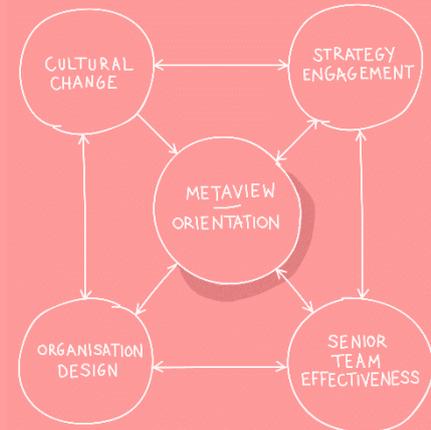
Designing Organisations

# “Whose design is it anyway....?”



# About Metalogue Consulting

We are a team of organisational development consultants with deep experience and expertise in:



## Developing the capability of leaders

We have a reputation for our work in developing the capability of leaders, change agents and consultants. We're progressive thinkers, constantly developing new approaches.



## Conversation is the key to business

We believe that conversation is the key to better business. This is because organisations are made up of people with skills and ideas, with opinions, needs and uncertainties that go beyond anything that's ever been written on an organisation chart.



## People, patterns and processes

We are interested in people, in patterns and in processes – especially social ones. We listen, we talk. We tell you what we've heard and what we think. We give you the opportunity to think differently.

**In our consulting work we help you to have the critical conversations that are needed to explore possibilities, overcome difficulties, and realise opportunities.**

**If you would like to explore how we can help you, then please contact Sophy Pern at [sophypern@metalogue.co.uk](mailto:sophypern@metalogue.co.uk)**

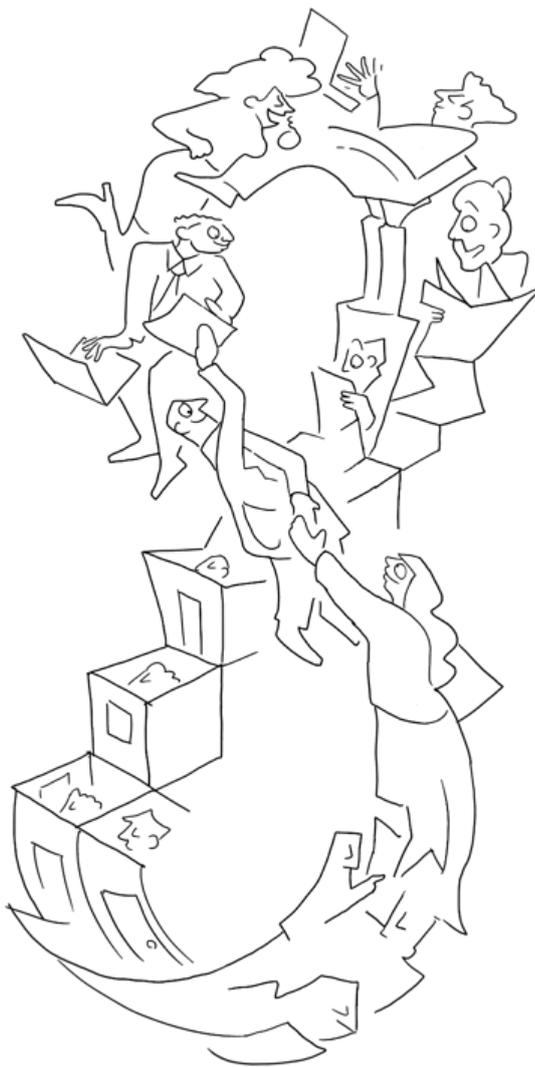
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# 1. Introduction

In a turbulent and changeable world, organisations need to adapt how they organise if they are to be healthy and successful. Organisation design has therefore become an increasingly critical activity. The design process is often difficult and challenging for those leading it and those affected by the outcomes. In many cases, leaders, employees, or both, are left disappointed because their hopes and aspirations are not realised.

This research report explores the practical realities and challenges of organisation design. Its underlying aim is to understand how to develop a new design and transition into new ways of working. Our intention has been to develop practical insights grounded in the experience of those who lead or support these kind of change efforts.



We started the research at the beginning of 2020, in the early stages of the COVID-19 pandemic. We interviewed twenty-five leaders and change agents about their experience of either leading or facilitating a redesign of an organisation. This was supplemented by inquiry into, and reflection on, our organisation design work with our clients, including a two-day inquiry in January 2020, and a review of concepts, frameworks and theories. We engaged both European and UK-based private sector organisations and UK-based public sector organisations and charities. A number of the private sector organisations, whilst headquartered in Europe, have global operations. Section 9 provides further detail about the range of sectors and types of roles of those interviewed.

While organisation design is increasingly iterative, most people thought about design in key phases: set-up and planning, the process of designing, and implementation and transition. They also highlighted the importance of the connections between these phases.

We have therefore chosen to organise this report into four sections. The first focusses on the context for organisation design and how design processes usually start. In the second, we explore the design process itself and the tensions and trade-offs that surface; while the third highlights the risks and pitfalls involved in implementation and transition. Finally, the last section is concerned with the trials and tribulations that come with taking a participative approach to designing. This includes our recommendations for leaders and practitioners.

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## 2. Key Findings

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- 1 Organisations avoid addressing organisation design issues and problems until forced to:** our research revealed that a crisis and / or a change in leader frequently precedes the start of organisation design initiatives. The current pandemic has forced many organisations to address design issues that have been longstanding, tolerated or avoided. Designing proactively to adapt to emerging changes is becoming more critical to the health and success of organisations.

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  - 2 Given the pace of change, participation is all:** as our world becomes more turbulent and uncertain, organisations are having to adapt their designs at speed. The process is messier and more emergent than in the past and one redesign is rarely finished before the next one starts. Involving the right people to maintain trust in the process and help make the best choices possible is essential.

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  - 3 Organisation design is a technical, social and political process:** as soon as leaders start conversations about organisation design - expectations, anxieties and fears arise. All changes in design require people to give up something, to navigate the uncertainty of the change and establish new routines. Good design therefore needs to balance technical and human needs, and leaders need to attend to both the rational-technical aspects of organising and the social system.

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  - 4 The design process needs to balance rigour and creativity:** where decisions are political and involve complex trade-offs, a rigorous process can provide a container for anxiety and a handrail through to resolution. However, if there is no space for generative thinking, there is a risk that groups jump to comfortable and familiar solutions rather than designing for what the strategy requires.

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  - 5 Transitions are culturally symbolic and demand time, attention and resource:** the transition process contains culture-creating moments where norms, values and beliefs are crystallised. How the transition process is undertaken influences people's commitment to the new design, the quality of relationships across the organisation, and ultimately whether the new design delivers its strategic aims. Individuals and teams need support to take up new roles, renegotiate relationships and change how they work together.

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  - 6 Design is becoming a core leadership skill:** organisation design consists of multiple intertwined processes. As a result, designing is never finished and is an ongoing activity for leaders. Planning and adapting the design process, the design itself, and transition and implementation, all require ongoing attention, facilitation and leadership.
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# 3. Organisation Design in 2020

## What do we mean by ‘organisation design’?

**“All organizations are perfectly designed to achieve the results they get”.**

**David Hanna**

Before sharing our research findings, we feel it is important to be clear on what we mean by organisation design.

For us, the aim of organisation design is to reach “good enough” agreement around how to organise people and resources. At its heart, it involves decisions about the form of the organisation, including:

- the desired operating philosophy, values and culture
- roles, responsibilities and capabilities of operating units
- how these units will be grouped together
- the necessary support activities and their roles
- the distribution of power and authority
- key reporting and coordinating mechanisms, and
- how people will be rewarded and motivated to perform their work.

There is a tendency to collapse the above down to “organisational structure”. This is an unhelpful simplification. Good design has an aesthetic, right-mindedness and a holistic quality. The design process needs to be systemic and integrate multiple dimensions and phases, all the way through to implementation and transition.

### Designing organisations: what does it take?



## Shorter lifespans - how organisation design is changing

A central theme in the research was the impact of uncertainty and constant change on the redesign process. Historically, it would unfold over several years. Today, organisation design is an ongoing process and the lifespan of organisational forms is reducing. This creates much more fluid and transitory structures as organisations are having to redesign at speed whilst developing their capacity to adapt to future changes. Often the tail end of one design project overlaps with the start of the next. Because of this, the risk of cynicism and change fatigue is increasing. Participative approaches to designing can help mitigate this – if done well.

Organisation design has become an ongoing process of incremental adjustments and more radical changes. We need therefore to shift our thinking from creating a stable design – to designing as an ongoing process. To do this effectively, organisations need to possess the capability to design and redesign themselves.

### Reorganising in a crisis

At the start of the pandemic, one London hospital needed to create 200 critical care and intensive care beds to meet the anticipated surge in patients. This was from a starting point of 40 beds. The director leading the project described the challenge as “eyewatering”.

The clarity of the objective provided a focus for everyone involved in the project. They needed to create space in the hospital, secure sufficient levels of kit, identify staff with the critical skills and train them, draw up new rosters and shift patterns, assign new roles and create new teams. This challenge required fundamental decisions about how they organised the hospital.

## The organisation versus organising

Most of us think of organisations as reified ‘things’ that have fixed properties. This imposes what Karl Weick called “spurious stability” and causes us to see organisations as static entities. We therefore talk about ‘the organisation’ and its structure, culture, processes and people.

Alternatively, Weick argues we could talk about the *process of organising*. This draws attention to ongoing social processes, evolving networks of relationships, and patterns of interactions that arise as people work together. The work of designing then becomes a focus on creating the conditions that support the process of organising.



## 4. Getting ready for design: first steps are fateful

All the participants in our research observed, with the benefit of hard-won hindsight, that the set-up and planning phase was critical to the design process. They observed that before starting it is important for the core group, usually consisting of the senior leader and one or two others, to be clear on:

- why change is needed
- the strategic aims of the organisation
- how the redesign will be undertaken, and
- what it might take to actually implement a significant change.

### Why redesign? Change in context, or change in leader?

In most cases the reasons given for change related to tangible difficulties, such as falling revenues or profits, increasing costs or declining customer or patient satisfaction.

The contextual events that actually trigger the start of a design process tend to be related to regulatory changes, the emergence of new competition or technology, mergers or acquisitions, or the growth or decline of the organisation. These events require adaptation to a changing context. The economic and social disruption of the pandemic has accelerated this process and has meant that many organisations have had to adapt or change their operating models and designs.

In many instances, concerns about the existing design had been tolerated, ignored or denied for some time. Our hypothesis is that this is often partly due to leaders' concerns about the political or operational disruption that might arise in the change process.

Significantly, in the majority of cases, a change in CEO preceded the decision to redesign. There are several possible explanations for this pattern. Firstly, a new leader is less likely to be attached to the existing design and may be more open to alternatives. Secondly, new leaders are often given a specific strategic mandate that requires internal change. Finally, some new leaders have clear views on how best to organise based on their past experiences.

In conclusion, organisations resist redesign until there is a crisis or a new leader forces it to happen.

#### Simplifying an overly complex structure

An international engineering business had grown through acquisition over many years. Each acquired business was given considerable autonomy and was not required to integrate. Eventually, however, the business became overly complex, duplicated activities, and struggled with regulatory compliance. This led to a falling share price and investor pressure for a change of CEO. Early in their tenure, the new CEO initiated a review of the entire structure of the business and its operating model to build in stronger governance (and thus reduce project failure risk), and take duplicated cost out of the business (improving shareholder return).

## Getting clear on strategy

Organisations that were not clear on their strategic intent ran into problems early in the design phase when decisions about trade-offs were required. Without a coherent and compelling narrative for why the organisation needed to change, and clear strategic aims, there were no shared criteria for decision-making.

In these cases, the design process tended to focus on today's problems rather than on future challenges and capabilities. Alternatively, it was experienced as a reaction to interpersonal or political difficulties and a way to avoid having difficult conversations or decisions. There appeared to be a hope that a rational process would provide a solution without creating discomfort. However, without a clear strategic rationale this was often exposed, leading to cynicism about the process. In contrast, effective design was experienced to be a conversation about how to organise to deliver strategic outcomes. In some instances, such a conversation revealed that the strategy was not clear or agreed, and work was required in that space.

### Designing without a clear strategic intent

A not-for-profit organisation wanted to improve its internal communications. The HR Director set up a review of the design of its communication function. She convened a workshop with representatives from HR, Corporate Services and Communications to assess the existing design and identify how the design could change. However, the group quickly got stuck and frustrated because they were unable to answer critical questions around what the organisation wanted and needed.

**“The design process has enabled my leaders to start to understand what the strategy really means for them and their teams”.**

**CEO, International Engineering Group**

## Planning matters

How the redesign process is undertaken impacts ownership and its ultimate success. Practitioners felt that the following were critical in planning the project:

- What is in and out of scope?
- What are the critical time points in the project?
- What are the critical constraints that the design needs to address?
- How will design happen, including what key activities will be undertaken, how and by whom?
- How inclusive and participative will the process be? Who needs to be involved and who will not be involved?
- How will decisions be made during the process?
- What resources and support will be required at which stages of the project?
- What level of disruption is the organisation willing and able to tolerate as a result of the redesign process?

Designing usually starts with a relatively small group with involvement increasing over time as the project moves into implementation. However, we found significant variation in the size of early design groups and how widely stakeholders were consulted and involved. At one extreme, design was undertaken by the CEO with no consultation with the executive – and at the other, there was wide involvement of a range of internal and external stakeholders. In general, not involving critical stakeholders led to problems at the implementation phase. However, involving too many stakeholders without careful consideration, led to disruption, slowing, or hijacking of the process.

### Changing the way redesign happens in a global corporation

A corporation wanted to transform its support functions. In the past, the redesign process was driven and controlled by a small team. They would create a target operating model that would then be “rolled-out” across each country, the aim being to drive consistency and order.

The executive however felt that this created “pseudo-clarity” and unhelpful political dynamics. They decided to bring together all of the leaders of the business units and functional leads. This group was tasked with working out how to create an operating model in line with a set of design principles. This process was counter-cultural and anxiety-provoking for all involved. It required far more coordination and communication to create coherence, yet generated deeper buy-in and hence an easier transition.

In summary, the extent to which the process is planned and thought through beforehand varies considerably. In many cases, assumptions are not noticed, or processes are adopted based on what has happened in the past, rather than being carefully considered and planned.

### Philosophy and assumptions matter

We observed that different approaches to design reflect different assumptions about the nature of organisations and how to design them. These included:

- An engineering process that involves changing and moving different parts.
- A political process that required negotiation, trading and bartering between different individuals and coalitions.
- Primarily a developmental process that involves changes in mindsets and the development of people and teams.
- A socio-technical process that seeks to balance technical processes and the needs of the social system.

## 5. Designing: in the midst

**“If I learned anything ... it is the notion that we need to be working on all different parts of the system in order to successfully change the whole system”.**

**Peter Senge**

Throughout design processes, structural choices are figural. However, in the background are people’s needs and interests, hopes, fears, and ambitions. This makes organisation design a complex social and political process, as well as a technical exercise. People are concerned about what they might gain or lose from the design process and so, organisation design work is highly demanding, unpredictable and emotional. While there is a temptation to avoid this discomfort by keeping participation limited to a very small group, or doing a “back of the envelope” design, we heard from research participants that there was no avoiding some of these difficulties and that skilful and sensitive facilitation of the process was critical.

### **All your history is with you in the present**

The influence of the past can be seen in the present. Much as geological layers reflect the Earth’s past, the existing organisation can be thought of as “resting” on layers of past organisational changes. This past is often very near to the surface as the time between cycles of redesign is shortening.

Leaders and employees carry assumptions that reflect this past. These influence how they approach the redesign process. In some instances, the past was traumatic and this provokes strong fears in the present.

Exploring history helps people understand its influence today. This ensures the redesign is focused on what is needed now and not reacting to the “ghosts” from the past. One way of doing this is to invite stakeholders to sketch out a timeline of previous redesigns and changes, drawing attention to the highs and lows in their experience. Surfacing these through a visual medium can help groups learn from their experience.

### **Investing in shared understanding**

As the philosopher Abraham Heschel said: “Words create worlds”.

When different groups come together in the design process, they bring their own languages and yet they tend to assume that everyone understands the acronyms and phrases they use. We noticed, however, that people often do not understand each other and make, sometimes big, assumptions about what others mean. For example, with one client, we spent over an hour exploring the different understandings that people had of the term “key account management”. There was significant variance in which aspects of sales, post-sales, lead generation, marketing, business development, bid management, etc, were included in “key account management”. Without investing time and energy in creating shared understanding, it would have been impossible to make good choices about the functional structures around these key business winning activities.

Participants often remark on how much they have learnt about different parts of the business through these conversations.



## Tensions, trade-offs and choices

The design process involves complex macro and micro-decisions, trade-offs and choices. Ideally, these start at a strategic level (such as deciding on what products and services serve which markets) and flow into more operational decisions.

The sheer number and complexity of interdependencies, decisions and choices can be overwhelming. This can add to the allure of design options that speak to symmetry, order and simplification, but which may not always be helpful. Equally, the design process can become a quest for the technically best solution. Some looked for consultants to come up with the “right answer”. Others spent a lot of time looking for external best practice or following the latest trends.

Some realised that they needed to determine what would work for them given their unique needs and culture. Benchmarking or seeking out best practice helped to stimulate their thinking but didn’t provide the answer.

**“Our breakthrough as a design team came when we let the messiness of real life become part of the design process”.**

**OD Lead, Chemicals Business**

As the process unfolds those involved experience a dawning realisation that design is about holding tensions and making trade-offs. For example, one organisation wanted more synergies, but realised they needed to balance this against retaining customer responsiveness. In other cases, it could be flexibility over consistency. It helps to be explicit about the trade-offs, making them in the context of strategy and holding in mind that structure is one ingredient for organising. In our experience, it is more helpful to think of creating a “good enough” structure than looking for a structure that solves everything. Rewards, processes, systems, skills and competencies are also critical.

In short, organisation design is more about “shades of grey” than off-the-shelf solutions. It is about finding ways through ambiguities and acknowledging that there is a downside to every choice. We believe that organisations need to resist the temptation to outsource decision-making to “experts” as the people best placed to make the trade-offs sit within the organisation.

### Choose your organising logics...

The critical choices in the design of organisations centre on different organising logics. Given your strategic intent, do you structure around:

- Functions
- Products
- Markets / customer segment
- Geography
- Process
- Or use a combination of these to create a hybrid model?

Each organising logic privileges certain things over others and has its own advantages and disadvantages.

Experimenting with and evaluating different combinations at the design stage can open up creative possibilities.



## You chose you lose - innovation vs. governance

After a series of quality incidents, one technology organisation wanted to improve its oversight and governance to increase customer and market confidence. Previously, governance had been handled in individual business units with no common overview. Moving these activities into a central unit appeared to be a solution. However, in discussion, the design team recognised that the organisation was dependent on developing new solutions to secure its future pipeline. Whilst the increased governance structure would have worked for business as usual, this would have come at too high a cost in terms of agility and innovation. In discussing the trade-off they were able to be explicit about the priority they were giving to innovation and they went on to mitigate the governance risk through process rather than structure.

## Keeping the creative smoke hole open...

Another apparent tension in the design stage is between a rigorous process and space for creative thinking. Often unfamiliar or unconventional forms of organising, or approaches that participants have experienced “not working” in the past, get discounted in favour of solutions that are close to the existing design. Facilitators have a key role here in holding a space to explore different forms. Otherwise, design becomes an exercise in “rearranging the deckchairs”.

Interviewees who had facilitated several design processes argued for the importance of divergent thinking when developing design options. The discomfort of opening up possibilities alongside time pressure can lead to a rush to find solutions. One international manufacturing company experienced this pressure whilst redesigning one of its divisions. One camp argued for an evolution of their existing functional structure. However, the design group was able to check this urge and explore different organising logics, including a client-focused structure, a geographical structure, and a process-led structure. This helped them identify the pros and cons of these alternatives, and, as a result, develop a hybrid design that retained a functional focus but benefited from other advantages too.

By taking the time to explore and understand different options, design groups give themselves a meaningful choice. It also helps them to articulate to others why they opted for a particular design and the trade-offs they considered. Most design processes have a critical moment when those involved feel confused, frustrated and overwhelmed. **In our practice, we observed that it is these moments that can lead to breakthroughs in thinking, if the group can stay with the sense of confusion and not fall back on what they already know and do.**

### On anchors and handrails...

Models and frameworks can act as handrails that help teams to process complex decisions and choices without getting overwhelmed. A helpful framework can enable you to calibrate choices and to test your thinking. They are also useful when communicating the thought process behind proposed changes. Some helpful models include:

- Galbraith’s STAR model (2002)
- Business Model Canvas (2010)
- Operating Model Canvas (2017)
- Design principles
- Campbell & Goold’s Nine Tests of Organisation Design (2002).

## Using artistic methods in the design process

To help our clients access unconscious and intuitive insights about their organisation, we often ask them to choose or draw images to represent its current state and their hopes for the future. This tends to open up richer conversations about their experiences and brings to surface the emotional life of the organisation. This can help ensure design work is creative, stays close to experience, and does not become an exercise in abstraction for those involved.



## Choosing how you choose...

Our research highlighted the importance of rigorous decision-making in the design process. Getting stuck and reaching a bottleneck or impasse are common experiences. For design teams, the first tricky decisions were often experienced as a surprise. Other teams ran into difficulties because the right subject matter experts or key managers were not in the room. Others became aware that the power sat outside the design team.

Organisations that fared best were deliberate about how they set up for decision-making. They formed design teams with sufficient representation, remit and power to make informed choices. They also spent time deciding how to decide, and how they wanted to work together. This meant they had an explicit agreement about how to make decisions. Where conversations became more heated, it was helpful to be able to refer back to this to move them forward in the agreed way. Design teams that did not explicitly discuss decision-making often found themselves stuck when they reached a difficult trade-off or decision. There was no best way of making good decisions: some groups worked with the principle of consensus; others deferred to a senior decision-maker.

### Decision-making mechanisms...

Many organisations create temporary structures as vehicles to aid the decision-making process. These include steering committees, design teams, regular executive reviews, or large group events. For instance, one NHS Trust that had to reorganise at the start of the pandemic set up a command and control centre that met every day and included all the critical decision-makers. The meeting enabled decisions to be made on the spot, thereby bypassing the usual bureaucratic mechanisms.



## The politics of involvement in a complex system

A government body embarked on reconfiguring its operating model. Historically, it had involved staff in key decisions through formal consultation processes. The executive saw the project as an opportunity to role model a more accountable and less hierarchical way of working. They decided, therefore, to invite leaders from across the organisation to participate in events to redesign each of its operating units. This included involving representatives from the unions.

Initially, the leaders and union reps were surprised to be involved at such an early stage of the process. As the process unfolded, they engaged enthusiastically and constructively in conversations to improve process flows. However, at a later date, the national representatives of the union became sceptical of how the project was developing and its likely implications. This led to the reintroduction of more formal and protracted channels of consultation which caused unanticipated delays to the decision-making process.

Complex and unpredictable political dynamics can emerge during any participative design process. Consideration needs to be given therefore to what can be decided, by whom, and how this will happen.



## Emotions and politics in play...

Changes in roles, reporting relationships and boundaries have social consequences. For individuals in design teams, and leadership more widely, this will often involve confronting personal struggles, anxieties and concerns for themselves and others. How people are reacting to events is not always clear even to the individuals themselves, let alone the others in the room. Where groups were able to discuss and unpack what was going on in the room, they were able to see that under the surface were feelings associated with:

- Competition for power, control and influence
- Competing belief systems, assumptions and values
- Fears of losing status, standing and livelihoods
- Concerns around inclusion and exclusion
- Fears around losing rewards or benefits, and
- Questions of identity, belonging and culture.

Engaging with these dynamics is critical to the longer-term success of the design effort. For instance, during a redesign process of an international manufacturing business, we observed how historical tensions and competition between two regions of the business affected discussions around the future design of the organisation. These rivalries meant that strategic discussions around synergies, how to make decisions, and where to locate different operations became, understandably, sensitive and politicised. They re-emerged during the implementation phase when organisation boundaries were being redrawn.

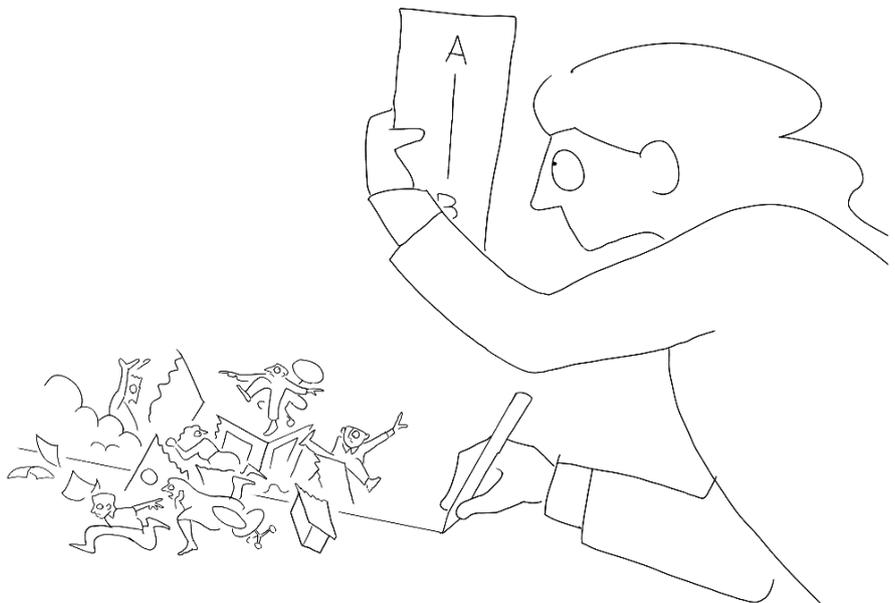
Unsurprisingly, therefore, design meetings and decisions are often felt to be uncomfortable and require skilful facilitation. Individuals can become over or under-involved in the emotional impact of what is being decided.

Leaders and practitioners reflected on how political and social dynamics need to be sensitively acknowledged at appropriate points. If they are not, they tend to emerge later and can derail decisions, plans or agreed changes.

In conclusion, designing organisations is a complex social and political process. Every redesign is laying down another layer in the organisational geology. Changes impact identities, relationships, power and status, and individual hopes and ambitions. The process needs to involve a generative balance of appreciation and critique such that the layer set down is sufficiently stable and enables future changes.

**“The desire to manage people’s sensitivities has resulted in ambiguous roles and responsibilities between members of the executive. This has created ongoing conflicts between them and their departments which hinders collaboration and the running of the business”.**

**HR Director, Pharmaceutical Business**



## 6. Transitioning to the new design: we've done the hard part, now the real work starts...

The neglected part of organisation design is in bringing the design to life. Changes require individuals to step into new roles, new leadership teams and departments being established, and the renegotiation of relationships and new ways of working. This is where the real transition begins as established norms and patterns of behaviour need to shift. Again, history often explains some of the issues that are experienced in this phase.

The organisations that achieved their aims were those who had attended to transitions at an early stage in the process and included enough of the right stakeholders in the design. They, therefore, started with a bigger group of “converts” when heading into implementation.

**“Implementation has been the biggest issue. Lack of experience at all levels of how to implement and follow through, particularly in terms of people management has been very detrimental. This limited the extent to which the benefits have been realised”.**

**Transformation Director, Travel Business**

How transitions were managed varied considerably between organisations. At one extreme, new structures were “stood up” on a specific day. This involved all job descriptions being issued and accepted on a launch date. In practice, however, those affected felt it was an artificial milestone. At the other extreme, we heard stories from management and frontline teams that they were still getting used to a change two or three years after the design phase finished.

When we asked leaders and practitioners to assess what was achieved, with the benefit of hindsight, they felt it was hard to separate what was attributable to the quality of the design and how the design was brought to life. While the design phase is clearly delimited, the transition phase is far more open-ended and rarely has a clear conclusion. Increasingly implementation is deemed to be finished when the next redesign starts.



### The difficulties in shifting entrenched leadership styles

At the start of the COVID-19 pandemic, a large housing association had to shift to virtual working. At first, this was a reactive response to the situation. As time progressed, the executive team recognised they needed to create a more flexible, agile and responsive organisation. Their initial response focused on tangible changes such as policies, procedures and office space. As the situation unfolded, they started to recognise that they, and other senior managers, would need to exert less control over their teams and decision-making. The HR Director, however, noticed that in contrast to what they said, they were in fact continuing to tell people what to do. Through their behaviour they were recreating the hierarchical management culture that they wanted to change. In her view, they were struggling to see how they needed to take up a different style of leadership. She felt these dynamics were reinforced by managers’ difficulties in trusting their teams and the hierarchical structure that meant managers had small spans of control.

## Underestimating transition...

A key finding was that leaders had not planned for implementation and underestimated the time and resources that would be necessary. Looking back on their experience, most research participants felt that transitions require a minimum of 12-18 months and that 18-24 months is more realistic, particularly for more complex changes. This creates challenges given the pressures on organisations to adapt and change at speed, challenges that have only become more acute in the context of the COVID-19 pandemic.

In cases where the redesign had delivered its intended benefits, there tended to be gradual movement from design into the implementation phase, with attention to fairness, transparency and inclusion. When those who developed the design also had accountability for implementation, the transition was more likely to be planned for and attended to. Our hypothesis is that this is because those who had 'skin in the game' in the design phase had a clearer story to tell and felt more invested in ensuring that the implementation delivered.

Successful transitions were linked to:

- Sustained leadership focus over time, rather than the delegation of the responsibility to HR or transformation offices.
- Clear governance and coordination of the implementation process. This varied from, at the most formal, an implementation steering committee with regular status reports, to less formal and more decentralised conversations.
- Sufficient support for leaders and teams to transition into new roles, including individual and team coaching.
- The creation of space and time for collective reviews and reflection across the organisation.

## Culture-creating moments

Embedded in organisation transitions were critical moments that were culture-creating. These moments related to *how* the implementation was undertaken. Those involved remarked that it was not just the substance of any changes, but how they were done that was significant. These moments were experienced as being deeply revealing of cultural norms and conveyed the actual (rather than espoused) values of senior leaders. What happened in these moments, therefore, reinforced the core messages of the redesign or undermined them. In this sense, they were culture-creating.

The universal critical moments that we identified related to how:

1. The new design and organisational changes were communicated.
2. Senior appointments were managed and who was appointed to key roles.
3. Leadership exits or redundancies were managed.
4. Key appointments were communicated.
5. Kick off events and conferences brought together the whole or parts of the organisation.

### Kicking off a collaborative culture

Following a change in organisation design from a market to a functional structure, a commercial team held a large kick off event, including all team members and key internal stakeholders. The event revisited the rationale for the change, the role of each new team, and allowed space to explore what the new organisation meant in practice. This included taking time to agree key processes, accountabilities and decision responsibilities. The spirit and style of the event was collaborative and set the tone for the culture of the new team.

### A culturally congruent appointment process

A large international tourism company wanted to shift away from a parental style of management as part of a transformation effort. In the establishment of new product teams, those affected were given an opportunity to express their preferences for the team they would join, rather than apply for specific roles. Workshops were then held with each team to help them to design their core processes and draw up role descriptions. By giving individuals choices of their new teams and involving them in their design, they were treated as adults in the process and felt valued and trusted.

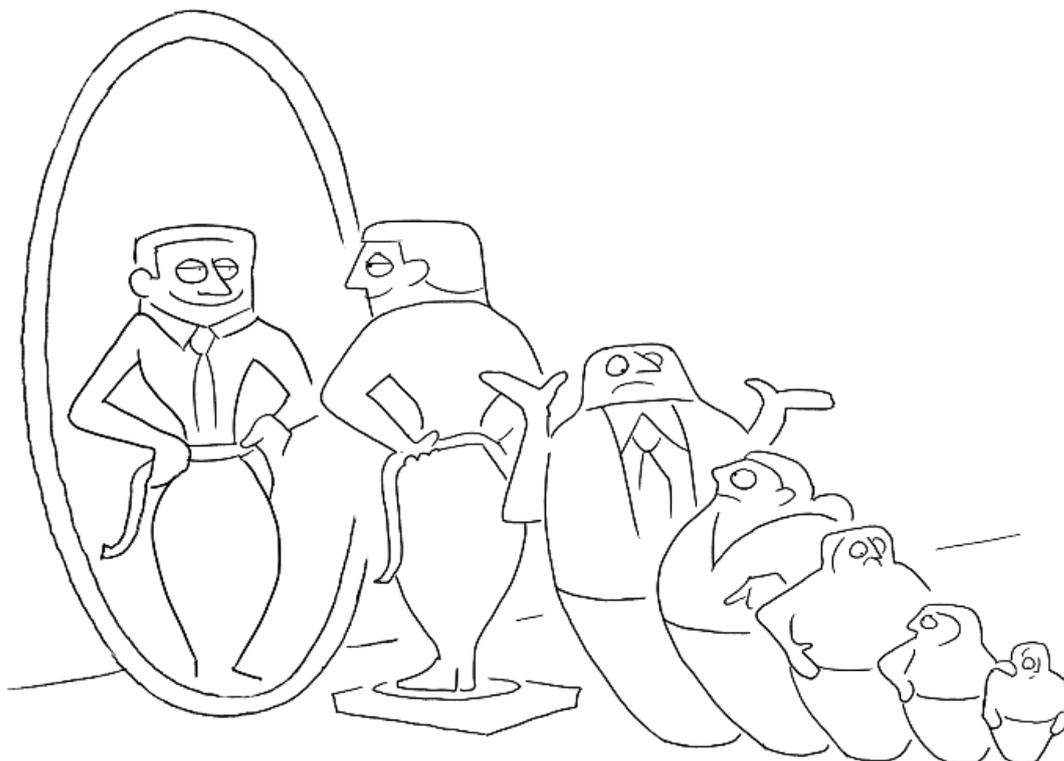


Each of these moments indicate who is included, who is excluded, how power is shared and how decisions are made. Implicitly they communicate what is changing and what actually matters. The emotional impact of these key moments is significant and is often underestimated. Careful marking of endings and beginnings helped support healthy transitions. However, in many cases legal requirements and HR policies drove the transition process, rather than the needs of the people affected. The resulting limbo period and absence of communication undermined trust in leaders and the change process. The realities of reorganisations mean such events may be unavoidable, however, leaders need to actively and consciously manage the tensions between legal requirements and cultural impact.

Both leaders and practitioners felt that sensitivity of timing, tone, and style are critical to ensure that consistent and clear messages are communicated about the changes. A common pitfall is assuming everyone understands new roles, processes and their rationale. For instance, external stakeholders and internal clients are often forgotten in the communication and implementation.

**“All the roles have shifted, and they assume we know what they mean. As a customer, I have no idea of what they mean in practice and I feel we have been left hanging”.**

**Frontline manager following an IT reorganisation**



## Power negotiations in transition

Reorganisations are characterised by changes in power dynamics such as the extent to which individual businesses can deviate from central policies, as well as shifts in authority and control. These changes were often met with resistance. Senior individuals were naturally reluctant to relinquish power or occupy roles which they perceived as lower status or less influential.

Even when they had been agreed in the design phase, changes in decision-making rights needed to be addressed again in the transition process. This became apparent in everyday practices and events, such as budget setting, decision-making and membership of key committees. Questions of power and control were more easily addressed in implementation when they had been surfaced and discussed in the design phase. Despite this, it was often necessary to work through exercises, such as RACI or RAPID, in a collective manner to resolve disagreements, ambiguities and confusions.

### Lack of clarity between teams

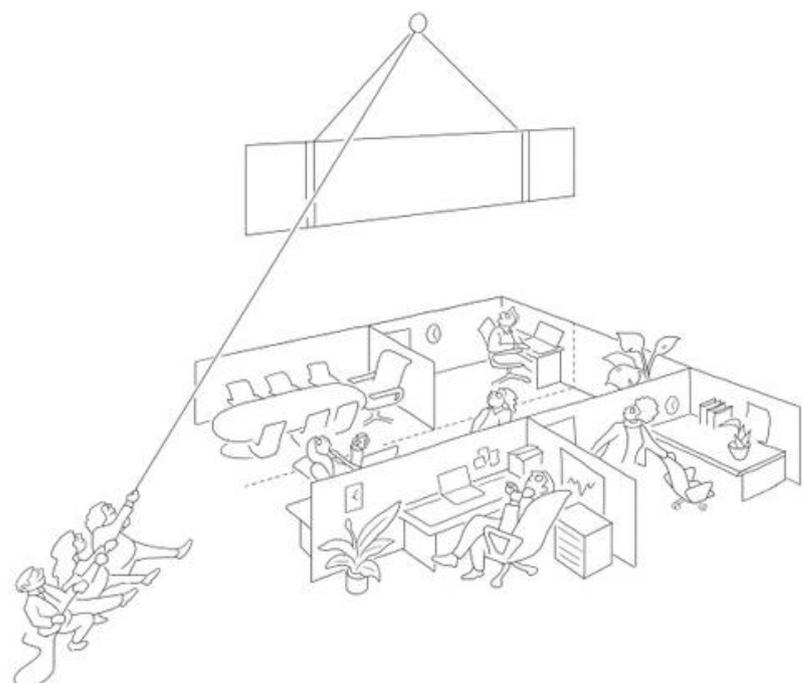
Following a change of design, two teams continued to disagree about their respective roles and relationship to each other. In the new structure, Team A were accountable for delivering a service, drawing on support from Team B. However, Team B struggled to see themselves in a support role, feeling that they were better placed than Team A to make some key decisions. This discrepancy in understanding was not identified early enough in the implementation process, and after 2 years and several senior leaders having left, further redesign work had to happen to resolve the disagreement.

This highlights that if questions of power and authority are not addressed early in the process the costs can be high.

## Forming new teams

Our research highlighted the time it takes for new teams to form. Many teams and departments need to go through the process of forming and norming to figure out roles, scope, and ways of working together. This can create anxiety and discomfort, which is further exacerbated when individuals are in multiple teams (as is often the case in matrix organisations). Although at a rational level what is happening seems reasonable, individuals are often grieving the loss of long-standing relationships, friendships (and even enmities), while trying to figure out the new rules of play.

What seemed to make the difference is whether the process of team formation was explicitly addressed. We frequently heard about leadership teams being thrown together without any support. Those who did receive support found that attending to their formation accelerated their ability to lead the development of their departments and to focus on their work.

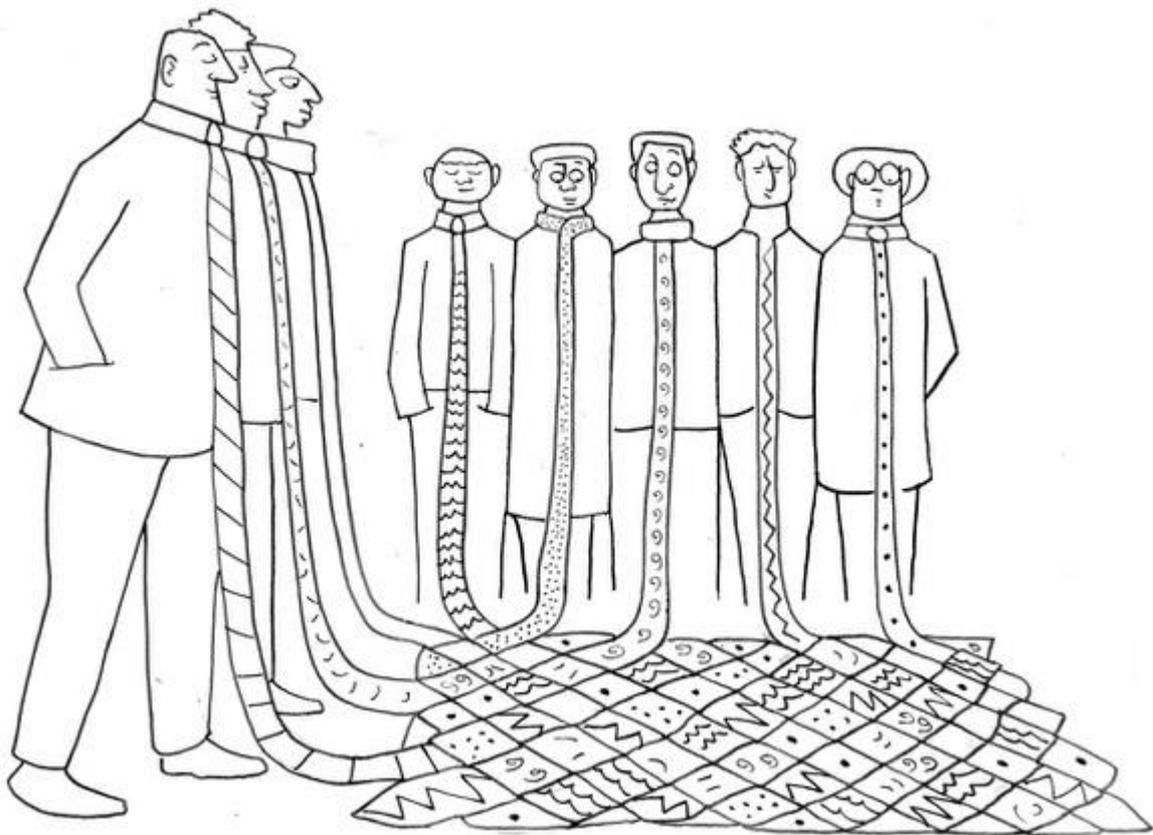


## 7. The trials and tribulations of participative designing

The reality of doing organisation design in a participative way is messy and complicated; which might explain why organisations and leaders tend to avoid it.

Interviewees voiced concerns about “design by committee”, the difficulties of managing powerful stakeholders with strongly held views, the fear of upsetting and demotivating key leaders or teams, and worries about distracting the organisation from business as usual. There was also a sense from some that this work was the preserve of senior leaders and that broader involvement was neither desirable nor appropriate.

Despite these fears, those who had good experiences of participative design processes typically felt that these had produced better outcomes – both in terms of design decisions and in terms of follow through and implementation. We discovered that an effective participative design process requires thoughtful leadership and skilled facilitation, and critically a strong partnership between leaders and facilitators. The table below articulates the key activities that are necessary throughout the design process.



Leaders	Facilitators
Deciding to embark on an organisation design process and communicating this decision. This is a critical act requiring formal decision-making authority and should not be done by stealth or covertly.	Sense-checking with leaders whether organisation design really is what is required.
Ensuring the scope, strategic intent and desired outcomes are clear, and engaging in discussions to test and clarify assumptions and design principles.	Designing a process that is appropriate for the culture and provides enough clarity and structure to contain the anxiety that will inevitably surface.
Establishing good governance and choosing how the design process will be done: who will lead the process, who will be involved, how decisions will be made, how decisions will be communicated and how a new design will be implemented fairly and transparently. All these decisions signify "how things are done around here."	Coaching and advising leaders on the potential unintended consequences of early steps and decisions around governance, communication, and degrees of involvement.
Holding the organisational 'nerve' through a highly anxiety-provoking time and creating an environment of psychological safety and trust. Containing anxieties by providing enough clarity, confidence and firmness in their direction.	Holding to the process when people are overwhelmed, anxious and confused. This keeps open the possibility for creativity and challenge.
Being able to articulate which trade-offs have been made and how these link to strategy.	Being willing to move between offering external advice based on good practice whilst also taking up more of a facilitative role in decision-making.
Maintaining focus on the transition to ensure that the ideas and concepts translate into different ways of organising and working.	Maintaining overview of the process into implementation and anticipating likely challenges.  Facilitating team formation and coaching leaders through individual transitions.
Holding the balance between taking up too much or not enough authority. Both listening to different perspectives and acting into their authority to make decisions.	Informally coaching leaders to take up their role and to work constructively behind the scenes to address political sensitivities.

The practitioners facilitating design processes came from different roles and backgrounds, including external or internal consultants, members of the leadership team, and HR. The choice of who best to take on this role is a key decision which has significant ramifications.

Key criteria in making this decision are:

- levels of trust amongst key stakeholders
- how important it is to be seen to be impartial and objective
- knowledge of the organisation (social system), and
- experience of the design process (technical expertise).

Those with significant experience of facilitating these processes highlighted the difficulties of trying to do this work alone given the complexities and sensitivities involved, and the need to pay attention to both the social and technical aspects of the process. They expressed a strong preference for working in pairs or small teams, particularly if leaders were less experienced in this type of work.

## 8. Conclusion & implications for practice

Organisation design is a subtle craft. It is about a series of micro choices and balances. Much like a surfer on a wave, making constant adjustments to stay on the crest, leaders need to make many small decisions, balancing between the “right” organisation and the one that is “right enough for us at this point”.

We offer the following recommendations for leaders and change agents:

- 1 Accept the mess:** it is risky to take a linear approach to organisation design, assuming that you can simply develop a design in isolation and then implement it. The reality is more likely to consist of loops and strands that intertwine.
- 2 Focus on good enough:** there is no perfect organisation design, and there is no perfect organisation design process. Both involve trade-offs, dilemmas and choices. Avoid the seduction of perfection by focussing on a good enough design which enables delivery of the agreed strategic aims, is able to adapt and flex, and is motivating for those working within it.
- 3 Choose participative design processes:** involving the right people in a considered way helps you build and maintain trust and credibility across the organisation. This is essential when it comes to implementation and to redesigning again in the future.
- 4 Build rigour and space for creativity into your design process:** the design process needs to be rigorous enough to contain anxieties, enable decision-making, and to allow space for creative solutions to design challenges. Ensure you have an iterative process that deliberately allows for phases of divergent and convergent thinking.
- 5 Design with the future in mind and neglect history at your peril:** good design addresses the challenges of tomorrow. However, the past is also a strong influence on how people will react and respond to reorganisations and change. Use the learning from past design processes to help you design for your current strategy.
- 6 Take transitions seriously:** plan for implementation and make a realistic assessment of what level of support people will require to help them to let go of the past, learn new skills, and transition into new roles and teams. If you are making radical changes then you will need to invest more time, resources and energy than if you are making more incremental adjustments. Consider what will be the major difficulties people will experience and talk to them about the help and support they want and need.
- 7 Leadership is critical:** leaders need to provide clear and consistent messages throughout on why change is necessary, the scope and intentions of the design effort, and what the new design will mean in practice. Attend to both the rational-technical and social aspects of organising, exercising confident judgement, empathy and political sensitivity.
- 8 Develop internal design capability:** organisations need to be able to regularly redesign themselves and adapt to new challenges. Ensure you have skilled and capable change agents who understand the organisation design process and have credibility with senior managers. Invest in developing these skills.

**“Have no fear of perfection - you’ll never reach it”.**  
**Salvador Dali**

## 9. Methodology & Contributors

Our research was based on:

1. 25 interviews with leaders and change agents involved in organisation design interventions.
2. Inquiry into, and reflection on, our organisation design work with our clients.
3. Observation of, and inquiry with, client organisations that are undertaking organisation design.
4. A two-day inquiry in January 2020 within Metalogue into what we are learning about successful organisation design practice.
5. A review of concepts, frameworks and theories on organisation design.

### Who participated in the research?

We engaged both European-based private sector organisations and UK-based public sector organisations and charities. A number of the private sector organisations, whilst headquartered in Europe, have global operations.

The research included organisations from:

- Energy Sector
- Pharmaceuticals
- Engineering
- Transportation
- Civil Service
- Health Service
- Media
- Finance & Banking
- Construction
- Local Government
- Professional Services
- Manufacturing

Individual participants were drawn from a range of roles including:

- Chief Executive
- Chief Operating Officer
- Head of Transformation
- Medical Director
- Human Resource Director
- Organisation Development
- Head of Learning & Development
- Head of Strategy
- Head of Organisation Design

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## Illustrations

To help us represent our findings visually we have worked with the graphic artist Jonny Glover. More information on his work can be found at: <http://www.jonnyglover.com>

