

# CONTENTS

*List of figures* xi  
*List of tables* xii  
*List of tools* xiv  
*About the authors* xv  
*Foreword* xvi  
*Preface* xviii  
*Acknowledgements* xix

## **Introduction** 1

How the book is structured 4

## **PART ONE** Understanding organization design 7

---

### **01** Putting organization design in context 9

What is organization design? 10  
Why organization design matters 12  
What drives an organization to carry out a design? 15  
Conclusion 17

### **02** Familiarize yourself with the Organization Design Compass and the OPTIMAL Way 19

Organization design models 20  
The Organization Design Compass 22  
The OPTIMAL Organization Design Approach 28  
Designing the OPTIMAL Way 33  
Conclusion 36

### **03** Some essential building blocks 38

Organizational archetypes to get you started 38  
Three frameworks to help you position an organization 62  
Conclusion 67

## **PART TWO** Designing your organization the OPTIMAL Way 69

---

- 04 Outlining your brief** 71
- Getting off to a good start 72
  - Shaping the brief, understanding it, challenging it 74
  - Distilling the strategic intent and framing the brief 82
  - OPTIMAL programme considerations 88
  - Conclusion 93
- 05 Pulling together your programme** 95
- Resourcing the programme 96
  - Shaping your approach 103
  - OPTIMAL programme considerations 109
  - Conclusion 115
- 06 Taking stock of the change required** 117
- Building an evidence base 118
  - Learning from other organizations 122
  - Assessing the direction and extent of change 124
  - OPTIMAL programme considerations 130
  - Conclusion 131
- 07 Identifying assessment criteria** 141
- Evaluating using design principles and criteria 142
  - Design principles for selected organization types 146
  - Defining design principles and criteria 148
  - OPTIMAL programme considerations 151
  - Conclusion 152
- 08 Mapping the design options** 153
- Generating design concepts 155
  - Developing design outlines 166
  - Conclusion 177

- 09 Assessing the alternatives 178**  
Assessing design options against design criteria 180  
Choosing between design options 185  
OPTIMAL programme considerations 187  
Conclusion 189
- 10 Laying out the way forward 190**  
Developing the design blueprint 191  
Preparing for implementation 198  
Transitioning from design to implementation 202  
OPTIMAL programme considerations 204  
Conclusion 205
- Taking the OPTIMAL Way forward 206**
- PART THREE Dealing with recurring challenges 209**
- 
- 11 How to maintain design integrity over time 211**  
What design integrity entails 212  
How to maintain design integrity 212  
The roles and responsibilities of a design authority 214  
Conclusion 217
- 12 How to size an organization 219**  
What does size mean to the organization designer? 219  
Why does getting the size right matter? 220  
Getting the right number of people for the work to be done 221  
Choosing spans of control and number of layers 222  
Conclusion 226
- 13 How to choose between design options when the environment is very uncertain 228**  
Scenarios, scenario planning and scenario testing 229  
Building scenarios 230  
Using scenarios before you design 232  
Using scenarios to assess alternative designs 233  
Conclusion 239

## **14 How to assess the level of capability maturity of an organization over time 241**

A framework for assessing capability maturity 242

How to assess capability maturity 243

Case example: assessing capability maturity 245

Case example: assessing design maturity 247

Conclusion 252

Appendix 1 Skills required in an organization design team 253

Appendix 2 Typical backgrounds that lead people to become organization designers 258

Appendix 3 Outputs from OPTIMAL Way 260

Appendix 4 Design outputs by level and Compass segment with examples of implementation tasks 264

*Glossary 269*

*References 272*

*Index 273*

# LIST OF FIGURES

- FIGURE 1.1** Organization design in context 10
- FIGURE 2.1** The Organization Design Compass 23
- FIGURE 2.2** The OPTIMAL Organization Design Approach 30
- FIGURE 2.3** OPTIMAL mapped against project management stages 34
- FIGURE 3.1** Functional archetype 40
- FIGURE 3.2** Geographical archetype 43
- FIGURE 3.3** Customer or market archetype 46
- FIGURE 3.4** Product archetype 49
- FIGURE 3.5** Process archetype 51
- FIGURE 3.6** Matrix archetype 55
- FIGURE 3.7** Network archetype 58
- FIGURE 3.8** Structured network 61
- FIGURE 3.9** Environmental complexity and stability framework 64
- FIGURE 3.10** Work standardization framework 65
- FIGURE 4.1** Understanding an organization's design within its wider organizational context 76
- FIGURE 5.1** Chevron's preferred organization design roles 104
- FIGURE 5.2** Other programme aspects related to the OPTIMAL steps 110
- FIGURE 6.1** Organization characteristics template 128
- FIGURE 6.2** An example of a radar chart of change required 129
- FIGURE 6.3** An example of a completed heat map of change required 130
- FIGURE 8.1** The OPTIMAL design and assessment process 154
- FIGURE 8.2** An example of a completed high-level process map 159
- FIGURE 8.3** Design option alignment grid 165
- FIGURE 8.4** Activity map template 168
- FIGURE 10.1** An example of a completed process/activity characteristics chart 196
- FIGURE 10.2** Wave diagram to summarize a change portfolio 201
- FIGURE 12.1** Example of estimating a department's span of control 225
- FIGURE 14.1** Capability maturity framework 243
- FIGURE 14.2** Process for assessing capability maturity levels 244

# LIST OF TABLES

<b>TABLE 2.1</b>	Overview of the steps in the OPTIMAL Organization Design Approach 31
<b>TABLE 3.1</b>	Advantages and disadvantages of the functional archetype 41
<b>TABLE 3.2</b>	Advantages and disadvantages of the geographical archetype 44
<b>TABLE 3.3</b>	Advantages and disadvantages of the customer or market archetype 47
<b>TABLE 3.4</b>	Advantages and disadvantages of the product archetype 50
<b>TABLE 3.5</b>	Advantages and disadvantages of the process archetype 52
<b>TABLE 3.6</b>	Advantages and disadvantages of the matrix archetype 56
<b>TABLE 3.7</b>	Advantages and disadvantages of the network archetype 59
<b>TABLE 4.1</b>	Prompts to understand the programme and design context 78
<b>TABLE 4.2</b>	First pass list of capabilities for a global pharmaceutical company 86
<b>TABLE 4.3</b>	Annotated list of target capabilities template 88
<b>TABLE 4.4</b>	Programme brief checklist 89
<b>TABLE 5.1</b>	Pros and cons of involving different size groups in design 107
<b>TABLE 5.2</b>	Programme planning and definition checklist 113
<b>TABLE 6.1</b>	Prompt list for establishing an evidence base 133
<b>TABLE 6.2</b>	Gap analysis template 137
<b>TABLE 7.1</b>	Design principles and criteria for an IT and operations shared-service organization 144
<b>TABLE 7.2</b>	Example design principles for four types of organization 146
<b>TABLE 7.3</b>	Prompts to help work out design principles and criteria 150
<b>TABLE 7.4</b>	Design principles and criteria marking scheme 152
<b>TABLE 8.1</b>	Questions to improve activity maps 169
<b>TABLE 8.2</b>	Role definition template 172
<b>TABLE 9.1</b>	Design option evaluation score sheet 182
<b>TABLE 9.2</b>	An example of a completed design option evaluation score sheet 183

<b>TABLE 9.3</b>	An example of a completed design options evaluation summary 186
<b>TABLE 11.1</b>	Role definition for an enterprise-level design authority 216
<b>TABLE 12.1</b>	Tall and narrow versus broad and flat organizations 223
<b>TABLE 12.2</b>	Elliott Jaques' work strata 227
<b>TABLE 13.1</b>	An agenda for a scenario-testing workshop 235
<b>TABLE 13.2</b>	Commentary on how a design option performs under a scenario 238
<b>TABLE 13.3</b>	Commentary on how a design element performs under a scenario 239
<b>TABLE 14.1</b>	Example of summary capability assessment 246
<b>TABLE 14.2</b>	Extract of the design maturity framework used in assessing demand management capability 248
<b>TABLE 14.3</b>	Sample timeline produced to drive demand management maturity 251

# LIST OF TOOLS

- TOOL 4.1** Getting a shared understanding of the context change 77
- TOOL 4.2** Defining strategic statements 83
- TOOL 4.3** Defining target capabilities 87
- TOOL 6.1** Establishing the evidence base 120
- TOOL 6.2** Assessing the direction and extent of change 125
- TOOL 7.1** Defining design principles and criteria 148
- TOOL 8.1** Identifying and documenting key future work processes 157
- TOOL 8.2** Sketching the structure 160
- TOOL 8.3** Aligning the design options 164
- TOOL 8.4** Identifying key work process activities 167
- TOOL 8.5** Outlining the organization chart 170
- TOOL 8.6** Identifying the governance 175
- TOOL 9.1** Assessing design options against design criteria 180
- TOOL 9.2** Comparing alternative design options 185
- TOOL 10.1** Identifying additional work processes and assigning them 192
- TOOL 10.2** Identifying work groups 194
- TOOL 10.3** Defining the change required through implementation 198
- TOOL 13.1** Building scenarios to direct and assess organization designs 231
- TOOL 13.2** Wind tunnelling: testing design options under different future scenarios 237