

TRANSFORMATION VIA ORGANISATIONAL DESIGN

A Case Study

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Background

The brief was to merge the organisation's many Learning and Development (L&D) departments with the Organisational Design (OD) function; downsize the overall number of employees; improve the service levels; and improve the expertise available within the organisation. The long term objective was to build the OD capability so that the organisation can create and implement its own Organisational Design strategy. Cost savings were not the initial driver of the brief but were a welcome outcome of delivering a more efficient structure.

Organisation overview

The organisation consists of approximately 5,000 employees and is a service delivery organisation which is target-driven. The workforce is stable. The organisation is hierarchical and somewhat bureaucratic with many long term employees. Change happens slowly and is led from small pockets of change taking place and being seen to be effective.

Training and development is mandated within some departments of the organisation and the budgets including salaries and costs were circa £4,000,000. The budgets were all held by the different divisions to be spent as they saw fit. OD had been done on an ad-hoc basis, partly under the aegis of Human Resources and partly within the Learning & Development function.

Issues

- 1 Each division had some of its own processes and the technical infrastructure was lacking
- 2 The L& D team consisted of low-skilled employees who were paid at above average rates
- 3 Training and development activities were duplicated across the organisation
- 4 Training was commissioned by different departments and divisions, leading to different pricing levels, sometimes from the same provider
- 5 Training budgets were being utilised on non-training activities
- 6 Training budgets were also the first item to be offered up for budget savings
- 7 OD was not understood; its influence was limited and there was little OD expertise available within the organisation

Existing structure

The existing structure shared no services with other divisions and was a classic divisional structure organised by customer groups, owning their own P & L and each maintaining separate functions under each division.

Strengths of the existing structure:

- 1 The structure allowed centres of expertise to be developed for the different customer groups
- 2 The value of the service delivery had the potential to be very high

Weaknesses of the existing structure:

- 1 The structure resulted in a duplication of functional expertise
- 2 The systems and infrastructure resulted in higher than average costs
- 3 A piecemeal and disjointed strategic approach to the development of the workforce
- 4 The L & D team was full-time-employee heavy, making it expensive, with many roles being duplicated across divisions
- 5 It was hard to identify a direct correlation between the investment being made in training to the overall corporate aspirations and strategy of the organisation

How did we help?

We worked alongside our client to design and then implement a new structure, which created an umbrella OD business partner team to share responsibility across the divisions. Each division's L & D team was dismantled and a much smaller centralised team formed to provide L&D support. This team reported to the OD Business Partners. New infrastructure and processes were put in place.

Strengths of the new structure:

- 1 Immediate elimination of role duplication
- 2 Immediate elimination of training duplication
- 3 Simplification of L&D processes
- 4 Higher level of expertise provided by the new team
- 5 OD partners linked the L&D strategy to the workforce development strategy and strategic goals
- 6 Training budgets could eventually be centralised for tighter control

Key Outcomes

- 1 Employee costs reduced by 40%
- 2 L&D costs reduced by 30%
- 3 An expensive and ineffective function replaced by a more efficient and cost effective OD function with a higher level of expertise