

## CAHRS Working Group Organizational Design

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### Participating Organizations:

Amgen  
AstraZeneca  
Chevron  
Cornell  
Ecolab  
GE Digital  
General Mills  
HP  
Johnson & Johnson  
SC Johnson  
Workday

### Key Takeaways:

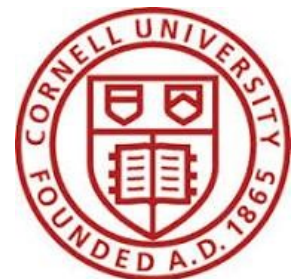
1. Whether you have a centralized or decentralized approach to Organizational Design (OD), using one playbook in your company is important. As new workplace realities are introduced (gig workers, Artificial Intelligence, machine learning, etc.), revisit and update the playbook.
2. OD may not always be the core issue. It is important for organizations to have a diagnostic tool to assess the issue and determine the best solution.
3. Companies with a decentralized organizational design approach should periodically review these efforts from an enterprise standpoint. Separate functional or business designs may end up slowing the organization down versus speeding it up if they are in conflict.
4. Human Resource Business Partners play an important role in OD in both centralized and decentralized OD approaches. Be aware of both the upside and risks of the HRBP's role.

As organizations face internal and external challenges including building stronger performance, competing in a global environment, and adapting to constant change, there is a need to rethink how organizations operate. Organization Design (OD) has become a fundamental skill expected from both HR and OD professionals. This working group focused on the challenges companies are facing in this area as well as shared best practices as organizations build their capabilities in OD.

## A Variety of Organizational Design Models

The group began by discussing how their organizations are structured to deliver OD capabilities to their companies. There are three primary organization structures:

- 1) A centralized OD/Organization Development/Organization Effectiveness group with expert resources who act as internal consultants and deliver OD solutions;
- 2) HR Business Partners located in the business units who deliver OD/OE capabilities to their clients; or
- 3) A combination of Centralized OD/OE resources with HRBPs deployed in the business units who work together to deliver these capabilities. The centralized resources develop the



methodology and toolkits as well as help diagnose the solution; the HRBPs lead and implement the projects sometimes with coaching from the central group.

The group discussed the role of the HRBP in OD. All agreed that HRBPs are closer to the business and can best diagnose when there is an issue or problem. However, some companies felt that HRBPs could be too close to their client groups to objectively lead the projects. This is especially true where HRBPs report to the business and their rewards are tied to the business results. One way to remedy this is to tie HR to corporate success as well.

In any of these structures, some key practices emerged:

- Having some kind of a “playbook” toolkit or standard process is common — this provides information to implementers on the key questions to ask, who gets involved in OD projects, what model a company may use, etc.
- Jay Galbraith’s Star Model is still the most common one used by the CAHRS companies present.
- One company had combined its OD process with Project Management for better effectiveness.
- Agile methodology is expanding to non-technical projects. This allows organizations to implement solutions more quickly. It’s key to identify the right pool of resources, have leader buy-in, and dedicate focused time to the project.
- Design Thinking is also becoming more common in designing organizations.
- Data & analytics are also being used more and more in OD.

## Utilizing Consultants

Some companies rely on consultants to deliver OD. Many companies mentioned using the larger firms but a few are utilizing start-up groups as a less expensive option. The most common reason to use these external resources is for the speed that this additional labor can provide. The larger consultancies also may bring additional capabilities like tools that can manipulate large amounts of data quickly as well as metrics and benchmarks for credibility. Other benefits of external resources are that they bring a neutral, unbiased viewpoint and can push leaders into tougher discussions and decisions. One downside mentioned of using consultants is that it may be tougher to implement a solution, as employees don’t trust that consultants really know the organization well enough to make it work and consultants aren’t with the company long enough to help it stick.

## Where do Organizational Design Conversations Happen in Companies?

The discussion then moved to when and how the conversations about organizational design occur in CAHRS companies. For several, this yearly conversation occurs during their talent and organization review processes since the two are closely related. These may happen on a division or functional basis but if they occur at the same time of year, then enterprise-wide decisions can also be made when certain themes emerge. This can be more efficient in the long run than more decentralized processes where divisions, functions or geographies are developing their organizations in parallel. One example is when functions decide to go global at different times. If this is not an enterprise-wide effort, then speed to market may actually decrease.

The group also discussed that many times organizational design happens when business is challenged and is looking to become more efficient and/or cut costs. One company has combined organizational design with project management (PM), finding the process and skills used in PM as very applicable to OD.

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## Analytics for Organizational Design

Companies are beginning to use data and a variety of tools to help with their OD. Some examples of these projects are evaluating bench strength, determining best areas for new locations (availability of talent, cost of living, etc.), analyzing spans and layers, improving the employee experience (one company mentioned commute time as a correlating factor), retirement planning, sensing biometrics (measure change in heartrate during meetings to see reactions based on language used to see if things are more positive or negative), and organizational network analysis (e-mail communication, etc.). Organizations are buying platforms from a variety of vendors but some are still using excel spreadsheets for planning. Previously, quality of data was the issue; now there is plenty of data — too much in fact. The bigger issue now is sorting through and determining which data is important. There are some watch-outs as analytics move to a more predictive nature: make sure to build a strong data foundation, ensure scale and volume as well as longitudinal data, and be careful of making decisions on data based on low participation rates. As always, remember that data is a good place to start the conversation, but companies need to have human oversight as well.

We also discussed what partners are doing in the talent space. Some companies are continuing to use internal tools vs. HCM (human capital management) platforms to do this. One company is crowdsourcing capabilities but struggling with ways to validate the proficiency of the skills. Another company has individuals self-assess their capabilities with manager approval. This feeds into a dashboard for use by managers as well as the centralized talent centers of excellence who can integrate the information with career pathing.

None of the companies present had an end process for measuring how successful the redesigns are. Many companies determine criteria for success during the design phase but in reality, do not go back to look at them — it's on to the next project.

## Agile Teams

Partners continue to look for ways to quickly and easily move talent to projects. Agile is the primary methodology. Other approaches included creating intentionally broad job structures to allow flexibility for staffing by saving approval time or creating mission-based teams composed of people from all different parts of the organization who are similarly trained and then come together for an enterprise-wide project then disband.

## Culture and Organizational Design

Some companies were using OD to drive cultural aspects important to them. One partner wanted to drive empowerment and was looking at organizational effectiveness, interdependencies and how people work together. Several others were focused on accountability and decision rights. Some suggestions here were to escalate a decision if it cannot be made in five days, while another put a mechanism in place to circumvent decisions from escalation. It is also important to think about your rewards systems and how they reinforce the culture you are trying to achieve.

## Keeping the End in Mind

The employee experience continues to be important and this holds true in creating new organizations as well. When you redesign one part of an organization, this can have impact elsewhere on career paths, mobility, etc. For instance, if a position has been a training role prior and changes, how will that skill gap be filled? What are the recruiting implications — is there a different selection and assessment tool needed? One step in an organizational design process should be to identify critical issues, pain points, etc., before building alternatives. This creates a good checklist to evaluate your alternatives against later.

## The Solution Isn't Always Organizational Design

Several leaders suggested it is important to have an open mind when considering an OD project. Putting a triage process in place to assess what the issue is and the best solution (structure, governance, culture, process, etc.) is important. Use the Five Whys or some other diagnostic to help with this.

**This Summary Report was prepared by Beth Flynn-Ferry by participants of the Organizational Design CAHRS Partner Working Group.**

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