

ORGANISATION DESIGN FOR AGILITY

As technological, geopolitical and social forces increase the complexity of doing business, the need to design organisations that enable people to make faster and better decisions becomes ever more pressing. Organisations must manage a core tension between being agile and responsive to customer needs while achieving economies of scale, all in an increasingly virtual and digitally enabled environment.

CRF members gathered in-person on 29 September and online on 6 October, to explore the latest thinking in organisation design, including key issues and essential frameworks and tools.

We discovered:

- How to understand and apply the latest organisation design models and frameworks.
- How to design for organisation agility and to balance economies of scale and customer responsiveness.
- Insights from experts and peers on how to tackle the organisation design challenges in our businesses.

These Post Meeting Notes summarise the discussions.

KEY TAKEAWAYS

Agility is an advanced management capability that allows leaders to achieve competitive advantage by making timely, effective, and sustainable organisation changes. It is distinct from *Agile*, which is a set of project management practices.

1



There is a paradox with agility: **in order to have organisation agility, you need a tremendous amount of discipline in your organisation.** Being agile is not a loose construct; it doesn't mean self-organising. It requires careful design, good communication, and strong leaders who understand systems so they can shape them appropriately.

2



Organisations are using three sets of tactics to activate the organisation to develop agility as an organisational capability: **designing the right connections, facilitating the right conversations, and developing the right know-how.**

3



Organisation design (OD) creates the environment for identity, community, and collaboration that allows us to make something together that none of us could make alone. **Shaping human behaviour at scale is what OD is all about.**

4



5

All growth strategies create tensions, and value is created by managing these tensions. By helping OD practitioners determine where to leverage, where to allow differentiation, and how to tie it all together, the STAR model, a core model of organisation design, enables designers to manage these tensions.

6

One of the biggest mistakes designers can make is to create a very elegant organisation construct / model, when they don't have a leadership team that can execute it. **Designers have to work with leaders to help them understand that designing a model is not the fix;** rather, it is about a series of decisions that builds capability (the organisation muscle) to create a new system. This can be energising for leadership teams, making it less scary.

7

There is no single right answer for organisation design – as OD professionals, we have to make choices across multiple possible solutions, driven by business strategy.

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**WATCH THE ONLINE SESSION:
ORGANISATION DESIGN FOR AGILITY**



RESEARCH OVERVIEW WITH PRATEEK SINHA AND GILLIAN PILLANS



PRATEEK SINHA is a recognised change agent who brings a deep understanding of complex transformations and corporate dynamics to accelerate value realisation by bridging strategy and execution. As an advisor and delivery partner, Prateek works with leaders to scope, shape, and execute change that delivers value while building organisation capability. He has profitably orchestrated, led, and delivered change in multinationals as an internal consultant (Shell, British Telecom) and external consultant (Accenture, CapGemini).



GILLIAN PILLANS has worked as a senior HR practitioner and OD specialist for several organisations including Swiss Re, Vodafone and BAA. Prior to her HR career, she was a management consultant with Deloitte Consulting and is also a qualified solicitor. Gillian has written various CRF reports on subjects including HR strategy, organisation design and development, leadership development, coaching and diversity.



EMAIL

Gillian Pillans and Prateek Sinha kicked the day off with an overview of key themes from the research report, which explored how organisations are using the design lever to build agility within their organisations.

WHAT BUSINESS NEEDS ARE DRIVING AGILITY AS A POSSIBLE SOLUTION?

Businesses are looking to develop specific capabilities. Key themes include:

- **Shifting from products to solutions** – Organisations are shifting from products to solutions / services because they want predictable revenue streams and customer stickiness. This shift requires working closely with internal and external partners (accessing expertise is not the same as owning expertise), which has important implications for organisation design.
- **Harnessing the possibilities of digital / data / analytics** – organisations are interested in how they can apply new developments in digital / data / analytics to value-added services that increase their top line. Again, this has implications for organisation design.
- **The need for quicker innovation** – as with the shift from products to solutions, the need for quicker innovation often requires organisations to work with others who are competitors one day and a partner on another day; this raises questions about how to access capabilities the organisation doesn't own, and how to design for that.

WHAT IS ORGANISATION AGILITY?

Agility is an advanced management capability that allows leaders to achieve competitive advantage by making timely, effective, and sustainable organisation changes. It is distinct from Agile, which is a set of project management practices.

There are two types of agility – market and enterprise. Market agility is about having close responsiveness to customers; enterprise agility is about the organisation's ability to pivot quickly. Each type of agility has implications from an organisation design perspective.

Differentiated vs. Integrated Organisations

AGILE, DIFFERENTIATED, LOCAL VS SCALED, INTEGRATED, GLOBAL

Locally, responsive to differences	• Fewer, bigger bets
Focused on customers, product, regions	• Movement of talent, ideas, innovation
Vertical business units	• Shared resourcing and services
Clear accountability for P&L	• Global reach

Differentiated	✓ Integrated
Adapt to market variations	✓ Adapt to new enterprise priorities
Business unit speed	✓ Enterprise speed, portfolio shifts
Autonomous decision-making	✓ Harmonised, consolidated
Duplicated resources	✗ Bureaucracy
P&L complexity	✗ Distance from customer
High cost, lower return on assets	✗ Less accountability

Source: Kates, Kesler and DiMartino, 2021

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The core organisation design challenge organisations face today is balancing scale (the benefits of thinking big) and agility (the benefits of acting small), within the same organisation – it's both, not either/or. For example, CEOs need to know how to move fast in local markets while leveraging corporate assets, run a global brand while delivering it with local relevance, and build common platforms while accommodating regulatory and technology differences across geographic boundaries.

Organisations have to make a choice about where within the organisation to focus on scale, and where to prioritise agility.

WHAT OPTIONS ARE AVAILABLE TO ORGANISATIONS LOOKING TO DESIGN FOR AGILITY?

The research examined how organisations are using elements of organisation design to activate their organisations for agility. The research found little discussion about large-scale organisation reconfiguration; instead, the focus for many organisations today is on the activation of specific organisation capabilities. For example, making lateral connections across the organisation, getting clarity around purpose and deliverables at different layers in the organisation, ensuring objectives and measurements are consistent and aligned, and thinking about how to organise funding and capital allocation to speed decision-making.

There are three sets of tactics to activate the organisation to develop agility as an organisational capability:

- Designing the right connections
- Facilitating the right conversations
- Developing the right know-how.

DESIGNING THE RIGHT CONNECTIONS

While vertical connections are still important, the research found that organisations are focusing more on lateral connections. In other words, to achieve agility leaders are first and foremost looking at elements of organisation design that focus on effective functioning of the lateral organisation.

Lateral capabilities sit on a continuum from less to more formal – from informal networks and communities of practice up to complex matrix structures. Examples include:

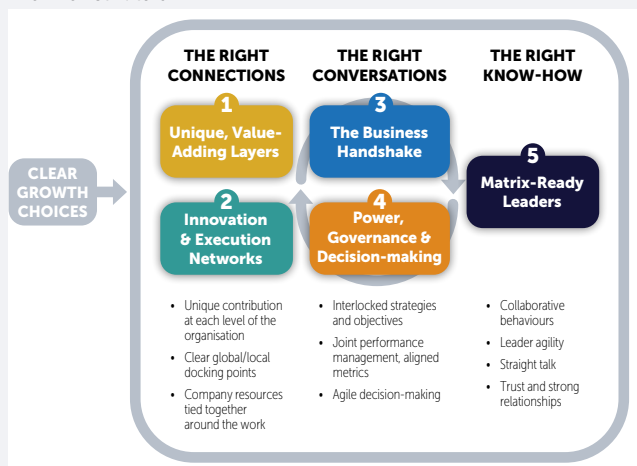
- Centre-led hub and spoke models. Some organisations are setting up centre-led teams to build digital capability, but these are not Ivory Towers at company Headquarters. Instead, organisations are using a hub-and-spoke model, with coordination across the organisation and flexible resourcing – that is, pools of expertise, rather than fixed teams, that can be deployed to different business requirements as circumstances change. However, organisations need to make deliberate choices about the level of capability maturity required to support a distributed model. Some organisations choose to centralise first to build expertise and then federate later.
- Looser connections such as communities of practice. For example, Hewlett Packard is using employee listening, hackathons and communities of practice/informal networks to design the future of work.
- Flexible resourcing. Flexible resourcing has consequences in terms of the purpose of hierarchy, which becomes more about expertise and supporting career development. Work allocation and reporting lines are more fluid, driven by shorter-term work priorities. In this way, many organisations are becoming more like professional services firms in terms of how they deliver work products.
- Working with the ecosystem/partners to deliver integrated customer solutions. For example, consider how Microsoft Viva is emerging as an employee experience platform. It brings communications, knowledge, learning, resources, and insights into the flow of work, and is partnering within the learning and talent technology ecosystems to deliver these solutions.

FACILITATING THE RIGHT CONVERSATIONS

The right conversations enable people in the organisation to know their deliverables and hold each other accountable. Examples include:

- Defining the handshakes. At Novartis, there has been a shift to outcomes-based budgeting: country teams taking on joint accountability for outcomes. This includes experimenting with team-based metrics and incentives.
- Flexible capital allocation: Many organisations are thinking about how to organise funding and capital allocation to speed decision-making. Trends include shortening budget cycles, using smaller pots of money tied to specific cycles of project delivery, and splitting pots of money.

The Five Activators



Source: Adapted from Kesler and Kates, 2016

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DEVELOPING THE RIGHT KNOW-HOW

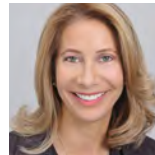
The right know-how is about leadership capabilities – do we have the right culture and leadership behaviours to enable the kinds of decisions we need to make and actions we need to take as an organisation? What are the mindsets and leadership capabilities that will support agile ways of working, developing speed and responsiveness in the organisation?

Many organisations are rethinking what those capabilities and mindsets are, asking questions such as ‘how do we develop more of an enterprise-wide way of thinking?’ and ‘how do leaders shape and create the conditions of success to make a matrix organisation work?’. For example:

- Many organisations go straight to decision rights (who decides what, when, and who has the final call?). Prateek shared an example of an organisation that instead got its top 100 leaders together to discuss the matrix organisation. Did the leaders really understand why they have a matrix, and its benefits? Did they understand their role within it? This understanding then allowed leaders to have different conversations about the trade-offs, and only then did they come to questions about decision rights. In other words, leadership teams are being re-educated to be matrix-ready leaders, aligned around a plan and thus creating the conditions for success.
- Some organisations are updating leadership expectations and leadership models. Shell has developed a new leadership framework grounded in learner mindset and psychological safety. Brambles has updated its leadership success profile to include ‘Delivers for Brambles’ as an express reminder that it’s about the whole organisation, not just the team or function.
- It’s important to be cognisant of the impact of leadership role modelling and culture. Gillian shared the story of Microsoft’s CEO dealing with fallout from an AI chatbot that performed poorly and gained extensive negative press for the company – this was a ‘moment that mattered’ for the company. In the past, someone would have lost their job for this failure; instead, it was processed as a failure the organisation could learn from.

Gillan and Prateek concluded their session by highlighting that there is no single right answer for organisation design – OD professionals have to make choices across multiple possible solutions, driven by business strategy.

AN INTRODUCTION TO OD FOR AGILITY WITH AMY KATES



AMY KATES is an organisation designer and co-founder of Kates Kesler Organization Consulting, which was acquired by Accenture in 2020. Based in New York City, she advises business leaders around the world and teaches programmes at the Executive School of Business, Denmark and Cornell University Executive Education. Her career began as a city planner and Urban Fellow following a Master’s degree from Cornell. She has written five books on the topic of organisation design with Greg Kesler and Jay Galbraith. Amy has also served as a Visiting Fellow to the government of Singapore and is on the board of Educate!, a non-profit building business skills in East Africa.



Amy Kates introduced a point of view and method for organisation design.

POINT OF VIEW

We design organisations to align resources and energy to deliver on a strategy. This creates healthy systems in which individuals can come and contribute their talents to a purpose. Put another way, OD creates the environment for identity, community, and collaboration that allows us to make something together that none of us could make alone. Shaping human behaviour at scale is what OD is all about.

METHOD

The core model for doing OD work is Jay Galbraith’s STAR Model. Though it is several decades old, it is still relevant today and there is no better way to think about how to shape human behaviour at scale. The model is not about creating the ‘right’ or ‘best’ organisation; it’s about turning the business strategy into a set of organisational capabilities: what do we need to be able to do better (than our competitors) together? And how do we create a system (design the organisation) to do that?

The components of the STAR model include:

- ★ **STRATEGY** is the company’s vision and mission as well as short- and long-term goals, and determines the company’s direction. Different strategies lead to different designs. Each element of an organisation’s design should support the strategy.
- ★ **STRUCTURE** determines where formal power and authority are located, and how limited resources such

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as people and funds are allocated and co-ordinated. It includes the definition of the organisation's core hierarchical units and of lateral, cross-unit structural linkages that carry out important organisational processes.

Processes are the flows of information and work through the organisation. There are two kinds of processes operating simultaneously.

- ★ **MANAGEMENT PROCESSES** determine the company's direction and allocate scarce resources, such as funds and talent, to different purposes and priorities.
 - ★ **WORK PROCESSES** are the transformation processes of the organisation – or the organisation's capabilities – that turn inputs into the value that is delivered to customers and other stakeholders.
- Vertical processes occur within core units and follow the hierarchical chain of the organisation. Lateral processes operate across the units of the organisation.
- ★ **REWARD SYSTEMS** address the motivation of people to contribute to organisation goals by linking personal accountabilities to outcomes that drive organisational success.
 - ★ **PEOPLE PRACTICES** influence employees' mindsets, help build the right skills, and are central to the attraction, retention, and utilisation of talent.

The STAR model is a helpful tool when strategy has changed and there is a need for a re-design of the organisation, or for diagnosis when something is out of alignment in the system.

Amey distinguished the STAR model, which is a mental model, from an organisation's operating model, which is what is actually being created for the organisation. The operating model is the output, the picture that is being created. Purpose, strategy, and business model are the inputs to the operating model.

See Chapter 2 of our report, [Organisation Design for Agility](#), for a closer look at operating models.

Amey emphasised that all growth strategies create tensions:



COMMON STRATEGY VS. BUSINESS MODEL DIVERSITY

(businesses with different competitor sets, velocities, and metrics of success)



LEGACY BUSINESS VS. DISRUPTIVE INNOVATION

(successful ways of working challenged by technology enabled start-ups)



ENTERPRISE VS. OPERATING UNIT

(conflict over what should be done together and where we need autonomy and differentiation)



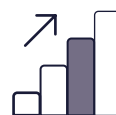
ACCOUNTABILITY VS. SHARED SUCCESS

(desire to drive individual accountability and sense of ownership, with the need for leveraging collective effort)



CUSTOMER-CENTRIC VS. PRODUCT EXCELLENCE

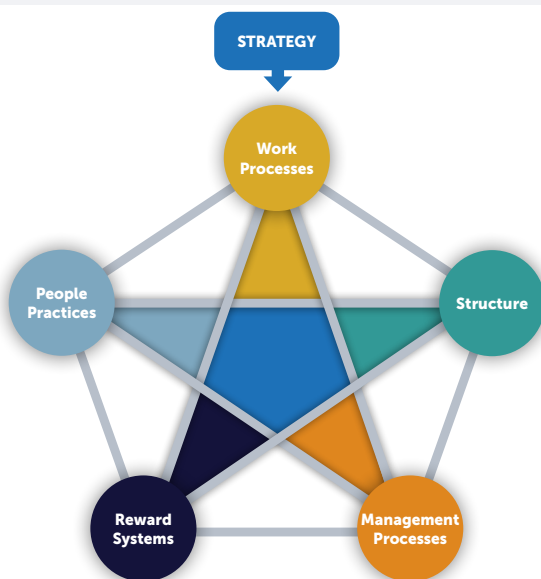
(trade-offs between creating a seamless customer experience and building market-leading product and service features)



SHORT-TERM VS. LONG-TERM

(investment decisions that optimist ROI balanced with metrics that take the long view).

The STAR Model



Source: Adapted from Galbraith (1994)

Value is created by managing these tensions. By helping OD practitioners determine where to leverage, where to allow differentiation, and how to tie it all together, the STAR model enables designers to manage these tensions.

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WORKSHOP SESSIONS WITH DAVID PRICE-STEPHENS AND SAM HOLMES



DAVID PRICE-STEPHENS is a Managing Director in Accenture's Kates Kesler Organization Strategy practice. He is an experienced transformation leader with over 20 years of consulting and industry experience. He specialises in strategy execution, operating model and organisation design, leadership development, culture change and HR advisory work. Prior to Kates Kesler, he gained his consulting experience at Korn Ferry, Deloitte, PwC and Arthur Andersen. He also spent three years at Jaguar Land Rover as an HR Director and leader of their Global Transformation Program.

✉ EMAIL



SAM HOLMES is a Managing Director in Accenture Kates Kesler and leads Accenture's operating model and organisation design work across Europe. Specifically, he advises CEOs, CHROs and their teams on how to accelerate growth, by designing and implementing new enterprise operating models – as well as functional operating models in the areas of digital, analytics and commerce. He primarily works with clients in the Consumer Goods sector, but also has experience in life sciences, retail, consumer electronics, communications, professional services and with the platform businesses.

✉ EMAIL

In a series of workshop sessions, David Price-Stephens and colleagues led attendees through a case study that applied the organisation design process. Here, we summarise key aspects of the process.

- Having a process is essential: if you follow the process, the content will follow. A process is the tool that allows you to really understand the issues and thus to create high-quality solutions.
- Organisation design can be anchored at different levels of strategy – enterprise, business, and/or functional. Regardless of where you're designing in the organisation, always start with – and anchor to – the enterprise strategy.

- Strategy horizons (which are growth choices across time) also have to be taken into account, because different horizons have different implications for strategy, organisation design, and the overarching operating model. Strategy horizons include:
 - Horizon 1 (short-term): Defend and expand the core
 - Horizon 2 (medium-term): Managed growth
 - Horizon 3 (long-term): New growth platforms.
- The process introduced to attendees has three key parts: understanding the industry context, defining the challenges for key players, and assessing their implications for organisation design.

UNDERSTANDING INDUSTRY CONTEXT

Looking at the context of your organisation's industry is critical because it will help you clarify your challenges. For example, think of the context of a 24-hour media organisation as opposed to that of an organisation operating in the nuclear industry, where the product cycle is 30-50 years long. Challenges and their implications can mean very different things from one industry to another.

Organisational context is also important – what is your organisation's strategy? How is it going to compete? How clear is the organisation on its strategy – is the leadership team aligned and is the strategy well understood throughout the organisation? How do you define 'agile' in the context of that organisation strategy? What barriers within the organisation might hamper agility? After all, we don't design organisations with a blank sheet of paper – we have to deal with the existing organisation.

DEFINING CHALLENGES AND THEIR ORGANISATION DESIGN IMPLICATIONS

A good understanding of industry and organisational context will allow you to define the challenges that you will need to design for.

Challenges may be specific to an industry context, but they can also transcend industries. For example, supply chain optimisation/transformation, digitalisation, improved collaboration, better use of data insights, and the need to attract, develop, and retain talent, are common issues that transcend industries. It's valuable to take a cross-industry perspective on these common challenges.

Once challenges are well-understood, you can turn to understanding their design implications – what do the challenges mean for core/non-core capabilities and the enterprise's operating model? There are no 'right' or 'wrong' answers, just choices. But choices have consequences. Whatever the particular mix of challenges an organisation faces, the design will require achieving a 'precarious equilibrium' between agility and scale.

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A Precarious Equilibrium –Agility and Scale

AGILITY

Local / Focused / Business Unit or Market

- Locally responsive to differences
- Market focus
- Clear accountability for P&Ls

✓ Differentiated ✗

- Adapt to market variations
- Business unit speed
- Decentralised, vertical
- Duplicate resources
- P&L complexity
- High cost, lower RoA

SCALE

Global / Integrated / Enterprise

- Fewer, bigger bets
- Consistency where necessary
- Shared resourcing and services
- Global reach for the brand

✓ Integrated ✗

- Adapt to new enterprise priorities
- Enterprise speed, portfolio shifts
- Harmonised, consolidated
- Bureaucratic
- Distance from customer
- Less accountability

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WHY DO A FORMAL ASSESSMENT?

- Understand **where you are today – the baseline – and the size of the gap** between the current state and future state
- Determine the **root causes** of why those gaps exist so that the highest impact changes can be made
- **Engage employees** in the project
- **Surface good ideas** and opportunities
- Uncover potential **areas of resistance** or implementation obstacles
- Create an **open and transparent process** – reduce rumours

WHAT MAKES FOR A GOOD PROBLEM STATEMENT?

It answers...

- What is the underlying issue, in concrete terms?
- Who is involved or where is the problem playing out?
- Why does it matter, or what are the implications or impact?
- **Has diagnostic insight** – isn't reporting back just data
- Isn't all bad news – **communicates the context** for the gap
- Articulates why the gap is important – **links to the strategy**, not abstract best practices
- **Doesn't include a solution** – stimulates a range of design options that can be evaluated against the design criteria
- **Is candid** – brings the voice of the organisation to leadership

DEFINING CAPABILITIES / OPERATING MODELS

What comes next? After you have gone through the process of understanding your context, defining its challenges, and assessing the implications for organisation design, the next step is to define capabilities and operating models.

David offered the following advice:

- When defining your model, always ask: what are the strengths and limitations of this model, can I mitigate the limitations, how, and to what extent?
- To get a balanced view for organisation design, it's necessary to engage in an iterative process of top-down and bottom-up design.
- A formal assessment is a key part of this iterative process. Assessment is important because it gives you a good understanding of the issues, and helps you to begin to build the case for change, and the commitment to driving change. The organisation assessment process involves:
 - Gathering data to build a robust diagnosis about the current organisation configuration, and where the gaps/challenges are to reach its aspirations.
 - Which then allows you to develop and align on very clear problem statements.
 - Coming out of the assessment, you should have clarity and alignment on the strategy, capabilities, problem statements, and design criteria.

PROGRESSING INTO THE DESIGN OF ORGANISATION MODELS, ROLES AND ACCOUNTABILITIES

David next discussed taking the step from defining capabilities/operating models towards designing organisation models, roles, and accountabilities. What do you need to be thinking about? How do you go about doing it? What are the options?

- All companies have a primary organising logic. The classic structural options are function, geography, product, or customer. Each of these options has positives and negatives, and each design option will be a compromise. The key questions to ask are:
 - Which option delivers the most benefit to our design criteria?
 - What are the right trade-offs?
- Be clear about what you are designing and when.
 - The organisation model is a high-level, graphic view of the value chain; how structure, process, and people are intended to interact.
 - Enterprise roles provide a high-level understanding of expectations and decision authority for component pieces of the enterprise.

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- The management structure shows how work is grouped together, and how power is allocated for decision-making and control.
- It's important to keep in mind that organisations evolve toward inefficiency, not agility. The tendency is toward a proliferation of bureaucracy; when there is a lack of clarity on accountability for line roles, everything ends up flowing to the top. Therefore, clear, simple structure and clarity of accountability are key.

David closed this session with some key considerations for building more agile organisations. In agile organisation models:

- Strategy and priorities are aligned across all functions at all levels
- There are simple, transparent, and efficient organisation models and structures
- There are single points of accountability clearly defined and bureaucracy is minimised
- There is the ability to flexibly deploy resources in response to changing requirements
- Data is democratised and insight from data is used to inform action
- All elements of the Star Model are aligned and actively reinforcing one another
- The characteristics of a learning organisation – such as a collaborative culture and strong leadership – are more likely to be present.

MOVING FROM DESIGN TO ACTIVATION

In the final workshop session, David brought things full circle by discussing the activation, implementation, and embedding of the new organisation model. Activation, as discussed on [pages 3 and 4](#), is about the right connections, conversations, and leaders.

- Build strong connections at the right nodes. The nodes have close alignment but also provide checks and balances.
- Focus the design of conversations on the critical few high-value tension areas (such as product development or talent management).

This diagram summarises the entire process discussed throughout the workshop sessions. David's final reminder to us is to trust the process – the content will follow.



RIGHT CONNECTIONS

Start with a centre-led strategy – what is the purpose of the network?

Design relationship 'fit for purpose' – move the work to where the talent sits

Support the network with the right integrators

RIGHT CONVERSATIONS

Align power with the operating model

Create the right innovation conversations

Use the right decision tools and keep it simple

THE RIGHT LEADERS

Design leadership roles to fit the Operating Model

Set the right leader selection criteria

Design the organisation to develop leaders

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Q Digital is one of the biggest challenges organisations are facing today. How do we turn all the information we are collecting into solutions?

A Organisations have a tendency to make digital changes a project, rather than part of the way people work. The structure hasn't changed, so people are not doing anything differently. From an OD perspective, the operating model has to change, so that conversations, connections, and know-how are updated. You can't just appoint a Chief Technology and check the 'digital' box; you have to apply the STAR model to people, processes, structure, and reward in order to prompt different ways of working.

Q How do you get a set of leaders to think creatively about organisation design? What if leaders are resistant?

A It's helpful to bring in data up front to stimulate leaders' thinking – use data specifically to bring the voice of the organisation back to leaders, illustrating how you could do better. If you are seeing leadership behaviours that are out of alignment with your strategy, the worst thing to do is to try to change the culture / values. You need to change the system that shapes behaviour. Make it rational for people to feel they are contributing, that they are being brought into the right conversations, receiving the right data on the right topics. The system should make it rational and easy to behave in line with strategy and values.

Q Do we have a generation of leaders that just don't have the skills and mindset to work in a collaborative matrix kind of way?

A Let's be clear – anyone in your organisation with a very senior title might say 'you can't hold me accountable if I don't have a certain amount of control.' But you can create systems where people can be accountable despite not having total control. This is something you build over time. If you have been operating one way and then drastically change it, it's not going to work, because you haven't built the muscle. Running a matrix organisation can create competitive advantage, but it requires sophistication. You can't just jump there. So your leaders are right when they say 'I can't do that'; your job is to help them be able to do that by creating a system that makes it rational and easy. If you want a more sophisticated organisation executing a more sophisticated strategy, the top team will have to slow down and spend more time together – they can't be operators anymore, which is where many of them are most comfortable. They have to train the next layer down for that.

Q The word 'systems' has been mentioned many times today. How do we start to integrate consideration of how the organisation fits into the broader sustainability ecosystem?

A ESG (environment, social and corporate governance) and data analytics are the two big capabilities organisations want at the moment. ESG is driving operating model change because it involves a whole new set of stakeholders (communities, partners, and so on). We recently did a project with a company in financial services that had a loosely related portfolio. There were five units in five different countries, which means very different expectations of ESG. The CEO saw two risks: 1. All the businesses were defining ESG very locally, completely differently, and rather haphazardly. Agendas were following individual passions and there was no coherence. 2. The company had had a couple of fails where it had faced backlash on some diversity and inclusion issues and operational decisions. The CEO saw regulatory and reputational risk, as well as a risk that financial markets could react badly. The CEO hired a Head of ESG from another company, reporting directly to him, and tasked them with developing an ESG strategy. The new Head of ESG called us. The work in this case was less about the design of roles, and more about 'how do we knit this together?'. How do we bring together business leaders and have them design a system that will work for them and in which they will feel control, and clarity about the areas of control? The solution ended up focusing corporate giving on certain kinds of things that were in line with the industry (assisting the unbanked, improving financial literacy), but how a unit executed those priorities in their marketplace was up to them. So it was freedom within a framework – principles at enterprise level, but the local autonomy to decide how to apply those principles.

Q How can we prepare people for the change that a re-design brings?

A Change starts right at the beginning. So as soon as you start interviewing people, the change is underway. Be careful – open, honest, and transparent – around your communications for a project. Articulate that everything you do is a change intervention. Send questions to interviewees in advance and encourage them to talk to others, so that they represent the group's and not just their own opinion. Be cognisant that you are already changing the organisation, practising new conversations, by starting the project. HR / OD facilitates conversations so that the leadership team gets practice and is able to bring the change to life.

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Q If an organisation wants to change its culture, where should it start?

A Culture is part of your strategy, and like strategy, it can evolve over time. For example, an organisation moving from reactive to proactive is a cultural shift. Design the organisation to make a system that reinforces the desired cultural attributes, and then ask 'are we getting those outcomes?' The STAR model is so practical because it applies to things that leaders can decide on and changes they can make – unlike behaviour and culture, which leaders can't change directly. Instead, focus on changing the levers in the system that result in behaviour and culture.

Q When it comes to agility, do process and leadership trump organisation design?

A Agile methodology brings discipline. But we still need a strategy, we still need to set priorities, and we still need to know what it is that teams do. We still need the deep functional expertise that comes onto the cross-functional, agile teams. When we try to do agile at scale, we still have to make teams of teams, and we need the interstitial mechanisms around connections, decision-making, and so on to guide and empower those teams. One is not more important than the other; they all go together. That said, the maturity of leadership and size of organisation can be mediating factors. In large, complex organisations there is often a particular tension around who gets to decide what value is. This is really bound up in power and structure.

Q What's the role of HR or the OD practitioner in this space? What do we need as a community to be really effective in doing this work?

A Being able to do organisation design is something every HR professional should have in their toolkit and every HR function should be able to do for their business. A few things are really helpful: 1. Bring new questions. Ask those clarifying strategic questions around making sure the leadership team, as they think about options and choices, think about what the impact on the organisation will be. Try asking: Does this change accountabilities? Are we going to need to rewire conversations, develop talent differently, change metrics? 2. Start small. Find leaders in your organisation who want to reshape their part of the organisation, where you can start to build some internal clients who will be good references as you start to build your practice. This will help build internal appetite to do this work. 3. Do this together. This work is best done with a partner. As you go into it, whether it's diagnostic work, generating design options, or facilitating meetings, bring another HRBP or OD partner in to do this work with you and start building your internal muscle.

FURTHER READING

Session [slides](#) available upon request.

CRF. 2022. **Organisation Design for Agility**. Research Report. <https://www.crforum.co.uk/research-and-resources/research-organisation-design-for-agility>

CRF. 2018. **Designing Adaptable Organisations for Tomorrow's Challenges**. Research Report. <https://www.crforum.co.uk/research-and-resources/research-report-designing-adaptable-organisations-tomorrows-challenges>

CRF. 2013. **Emerging Approaches to Organisation Design**. Research Report. <https://www.crforum.co.uk/research-and-resources/emerging-approaches-to-organisation-design-2>

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