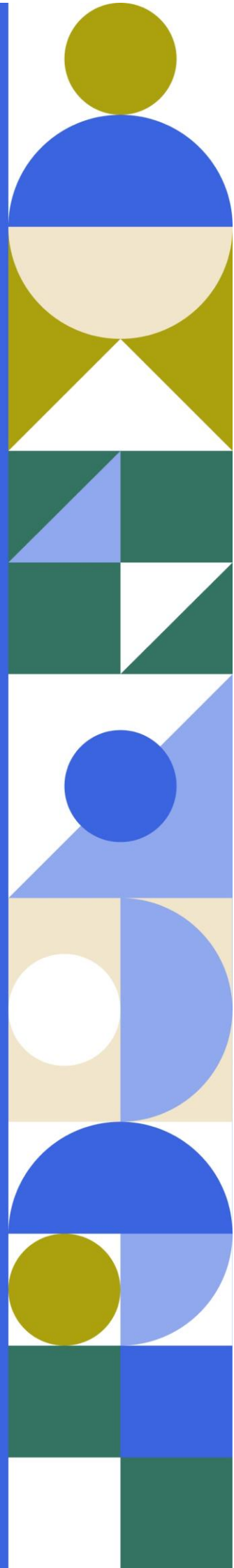




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What is the optimal
organizational structure
for my business?





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What you are going to read:

1. [What is a an optimal organizational structure and why is it important?](#)
2. [What you can do to develop an optimal organizational structure](#)
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The value of an optimal organizational structure

Building on the introduction, the challenge of shaping an effective organizational structure holds significant weight. A well-designed structure doesn't just facilitate internal processes; it becomes a strategic enabler.

It synchronizes the efforts of the internal team, making it easier to fulfill customer expectations, and ensures that the organization is agile enough to adapt to shifts in the business model. In essence, the right structure is instrumental in achieving harmonious alignment between people, processes, and the business ecosystem.



Options to develop an optimal organizational structure

Based on a comprehensive review of the literature, the following are the evidence-based options that can be implemented to develop an organizational structure:

Assess organizational goals

- **Description:** Clearly identify your organizational goals to align them with your structure.
- **Implementation plan:** Define long-term and short-term goals. Conduct workshops to align leadership and team members on these goals.
- **Roles & responsibilities:** Leadership team to set goals; department heads to disseminate goals.
- **KPI's:** Alignment rate between organizational goals and team understanding.

Understanding the driving and limiting forces of your organization

- **Description:** Evaluate the factors that either drive or limit your organizational success to create a balanced structure.
- **Implementation plan:** Conduct in-depth interviews, focus groups, and surveys to identify these forces.
- **Roles & responsibilities:** Strategy and analytics team to conduct the evaluation.
- **KPI's:** Completion rate of the evaluation; actionable insights derived.

Research external organizations for inspiration and understanding

- **Description:** Investigate the organizational structures of external organizations, particularly those that are leaders in your industry or a similar one, to gain insights and inspiration.
- **Implementation plan:** Identify organizations that are benchmarks in your industry or face similar challenges. Conduct interviews, if possible, and study publicly available materials to understand their structural elements.
- **Roles & responsibilities:** Strategy and research team to identify target organizations and gather data; executive team to facilitate and analyze findings.



- **KPI's:** Number of organizations studied; actionable insights derived for internal organizational development.

Apply the viable systems approach

- **Description:** Utilize the Viable System Model (VSM) to design an adaptable, sustainable organizational structure.
- **Implementation plan:** Begin with a diagnostic to assess the current organizational system. Consult with VSM experts to tailor the approach to the organization's specific needs. Finally, implement the model across the organizational hierarchy.
- **Roles & responsibilities:** Strategy team to liaise with VSM experts, department heads to implement changes in their respective domains.
- **KPI's:** Alignment of organizational with VSM principles; efficiency metrics post-implementation.

Understand and validate design criteria before structuring

- **Description:** Identify the essential criteria that the organizational structure needs to meet and validate these before considering specific structural options.
- **Implementation plan:** Develop a list of criteria based on strategic goals, functional requirements, and stakeholder needs. Validate these criteria through stakeholder interviews, focus groups, or pilot testing.
- **Roles & responsibilities:** Strategy and planning teams to identify and list criteria; executive team to validate through consultations with internal and external stakeholders.
- **KPI's:** Completeness and clarity of identified criteria; rate of stakeholder agreement or validation.

Use scientific approaches to organizational design

- **Description:** Utilize evidence-based methods for designing the structure.
- **Implementation plan:** Consult scientific journals and implement tested methodologies.
- **Roles & responsibilities:** Strategy team in collaboration with organizational behavior experts.
- **KPI's:** Alignment with scientific criteria; performance metrics.



Align organizational structure with value proposition

- **Description:** Examine how your organizational structure aligns with or supports the value that your company aims to deliver to customers and stakeholders.
- **Implementation plan:** Conduct workshops and surveys among employees and customers to understand the perceived value proposition. Evaluate how current roles, departments, and communication flows contribute to or detract from delivering this value.
- **Roles & responsibilities:** Strategy team to design and implement workshops; marketing team to conduct customer surveys; executive team to analyze findings.
- **KPI's:** Degree of alignment between identified value and current organizational structure; number of actionable changes implemented as a result.

Validate organizational readiness for new structure

- **Description:** Assess to what extent the organization is ready, both in terms of mindset and skillset, to operate within the new structure.
- **Implementation plan:** Conduct readiness assessments through surveys and focus groups to gauge the organization's preparedness. Evaluate the mindset and skillset of employees in line with the new structure's requirements.
- **Roles & responsibilities:** Human Resources to oversee the assessments; Department Heads to facilitate focus groups; Executive team to review findings.
- **KPI's:** Level of organizational readiness as measured by the assessment; Number of action items identified for improvement.

Inclusive decision-making for new structure

- **Description:** Implement an inclusive decision-making process to engage all stakeholders in the formulation of a new organizational structure.
- **Implementation plan:** Create a decision-making committee comprised of members from various levels and departments within the organization. Use methods such as Delphi technique, focus groups, or town-hall meetings to gather input.
- **Roles & responsibilities:** Executive team to appoint the committee; Committee members to solicit and compile stakeholder feedback; Human Resources to facilitate the meetings and gather data.



- **KPI's:** Percentage of stakeholders engaged; Level of consensus reached on key structural changes; Number of actionable insights derived from stakeholder feedback.

Periodic review and adaptation

- **Description:** Regularly review the organizational structure.
- **Implementation plan:** Quarterly reviews of the organizational structure.
- **Roles & Responsibilities:** Leadership and strategy team.
- **KPI's:** Frequency of review; implementation rate of changes.

Please note that the above options are crafted based on generalized situations, and the context and unique attributes of your organization should be considered for tailored solutions.

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Critical assumption and test

Critical Assumption: The most critical assumption underlying all these options is that the organization is amenable to change and that its members are willing to adapt to new structural designs for the betterment of the organization's goals. This assumption is crucial because without organizational and individual flexibility, any structural changes are likely to face resistance, hindering the successful implementation of the recommended options.

Test: To validate this assumption, consider conducting a readiness-for-change assessment across various departments and hierarchical levels in the organization. Use surveys, interviews, and perhaps even small pilot programs to assess the level of openness to change. The metrics collected can include employee engagement levels, the perceived need for change, and the perceived risks of change, among others.

By doing so, you not only validate the assumption but also gain valuable insights into the specific areas or departments that might need additional focus in the change management process.



Sources

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Please note that while the sources listed provide substantial knowledge on the subjects, exact numbers, facts, or detailed insights should be extracted from the original publications for full context.



Implementation guidelines

Check out the implementation guidelines and unique GROWTH-canvas© to ensure you integrate your specific context and select the right options to overcome your business challenge. You can find more information [here](#).