



## Redesigning a Manufacturing Business – Case Study by Adam Pearce

Partnering with DMA Consultancy Ltd, SBU won a tender in 2013 to deliver an organisation design (OD) project for a key strategic business unit in a major manufacturing group. The objective was to ensure the design most effectively addressed the unit's mission and business challenges. A range of deliverables were successfully produced: "as is" organisational health check; future-state OD criteria and principles; definition of what good could look like, referencing best practice; a number of high level organisation design options; a smaller number of matured design options; an outline high level implementation plan; and internal capability development to help the business progress the plan.

To help orchestrate the work, and to encourage ownership of recommendations, the project was undertaken over four months in close collaboration with an OD Working Group which met monthly. The OD Working Group was a subset of the 16-strong management committee. The role of the group was to help oversee the project to ensure quality, value-for-money outputs; aid consultants by providing strategic direction; facilitate a narrowing down of structural options to be presented to the CEO; help the wider management committee to visualise how the organisation would work differently under the structural options; and articulate the business case for the selected option in terms of degree of change, likely benefit and potential risk.

As a first step, we met each member of the management committee to get their views on mission and strategy, what the organisation must excel at in the future, and the strengths and weaknesses of the current structure. We synthesised these views into a draft set of organisation design criteria driven by the strategy and finalised these with the OD Working Group.

In parallel, we undertook interviews of a different kind with a structured sample of people from across the business, to understand the decision-making accountability of selected jobs. The samples were chosen to probe key hierarchies, by interviewing at least one leader at each layer. We also undertook an analysis of the layers, spans, and grades of the whole business of 6,000 people to extrapolate findings from the interviews to pan-organisation conclusions. Our analysis identified delayering cost-savings of £5 million a year from removing leader jobs that were not adding value.

Based on best practice and benchmarking, we also drafted a set of OD principles and parameters.

To construct new OD options, we matched the strategy to ways to departmentalise, deciding that the strategy would be best supported by ODs that used units focused on products and/or functions.

Beyond the current structure, we created three structural options with indicative headcount by top unit. We articulated the pros and cons for each option and ranked them against the OD criteria and OD principles and parameters. We then facilitated sessions with the OD Working Group and CEO to gain feedback from them to allow us to mature the options and related criteria and principles.

We also delivered a two-day training course in the organisation design approaches we had deployed.

Finally, we prepared a comprehensive plan covering the necessary implementation activities to address the key issues found with the current structure and to create the new organisation.