

STRATEGIC HR MANAGEMENT  
INSTRUCTOR'S MANUAL



# Building the Future: HR's Role in Organizational Design

*By Steve Weingarden, Ph.D.*

## PROJECT TEAM

Author: Steve Weingarden, Ph.D.  
SHRM project contributor: Bill Schaefer, SPHR, CEBS  
External contributor: Sharon H. Leonard  
Copy editing: Katya Scanlan, copy editor  
Design: Jihee Lombardi, senior design specialist

© 2011 Society for Human Resource Management. Steve Weingarden, Ph.D.

**Note to HR faculty and instructors:** SHRM cases and modules are intended for use in HR classrooms at universities. Teaching notes are included with each. *While our current intent is to make the materials available without charge, we reserve the right to impose charges should we deem it necessary to support the program.* However, currently, these resources are available free of charge to all. Please duplicate only the number of copies needed, one for each student in the class.

For more information, please contact:  
SHRM Academic Initiatives  
1800 Duke Street, Alexandria, VA 22314, USA  
Phone: (800) 283-7476 Fax: (703) 535-6432  
Web: [www.shrm.org/education/hreducation](http://www.shrm.org/education/hreducation)

# Case Overview

This case study provides a history and overview of organizational design (OD). Students will use the information in the overview to complete an exercise as a hypothetical organizational design consultant working with a real company of their choice.

Students will read about the definition and purpose of organizational design, methods of measurement, six models of organizational structure and two models on how to apply organizational structure principles.

---

## Teaching Note

A student version of this case (without teaching notes) is available on the SHRM website. Students should read the overview before class. A structured exercise follows the overview.

After students have read the overview, instructors can discuss the critical points from the overview, either before or after students present their results from the structured exercise.

The estimated time to complete this activity will vary depending on the number of students, their levels of critical thinking and amount of class discussion. The estimated time needed to complete this overview and structured exercise is six hours (two hours in-class time and four hours outside of class).

---

This case is intended for advanced undergraduate students. Students studying human resources (HR) will likely benefit most, but general business students should gain insight from the case, particularly regarding the role of HR in organizational design.

## LEARNING OBJECTIVES

Undergraduate students will participate in a structured exercise about organizational design, learning overarching principles and critically applying those principles to a hypothetical consulting situation. At the end of the case, students will be able to:

1. Identify how organizations gain sustainable competitive advantage through human capital strategies such as organizational design.
2. Describe HR's role in developing human capital strategies and HR's effect on an organization's success.
3. Apply an organizational design consulting model to an organization.

# Organizational Design: An Overview

Students should read this section before attempting the structured exercise.

---

## Teaching Note

Instructors should have students complete the required reading outside of class. Instructors may subsequently offer additional commentary or highlight key points from the required reading in a following class session.

---

## DEFINITION AND PURPOSE OF ORGANIZATIONAL DESIGN

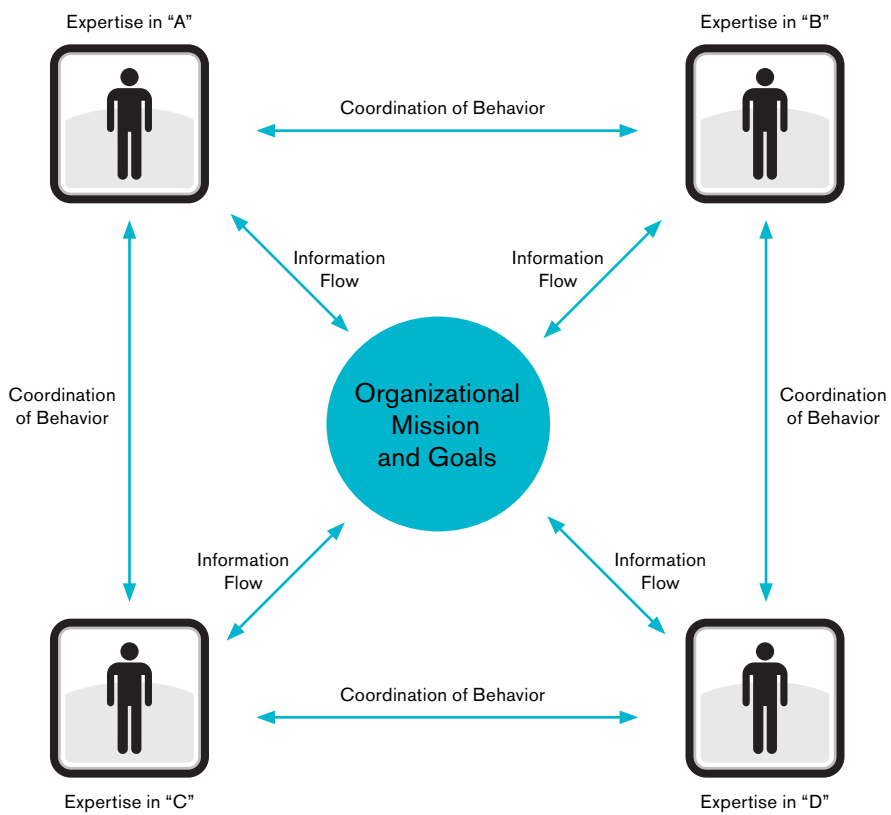
Organizations are composed of deliberately selected and deselected people who coordinate their efforts toward a specific goal (Etzioni, 1964). The ultimate purpose of an organization is to achieve a specific goal or mission. The people selected (whether self-selected or chosen) and deselected are significant in some manner that helps the organization achieve the desired goal.

Organizational design centers on the organization's human resource needs to achieve the organization's specific goal. Organizational design answers the question, "What is the best organizational structure?" and has two objectives:

1. To facilitate the flow of information within the organization.
2. To integrate organizational behavior across different parts of the organization so the behavior is coordinated (Duncan, 1979; see also Stanford, 2007 for a similar definition).

Organizational structure and its connection to strategy are core components of the organizational design process.

**Organizational design centers on the human resource requirements an organization needs to achieve its specific goal.**



The organizational design definition presented in this case is simplified; scholars tend to define organizational design more broadly. For scholars, organizational design often refers to all aspects of the relationship between the organizational work and the employee (Sandler, 1974). This relationship includes organizational strategy and structure as well as more granular issues such as work processes and leadership (e.g., see Burton, DeSanctis and Obel, 2006; Nadler, Tushman and Nadler, 1997). In fact, it is the organizational design process—specifically the structuring process—that is the pivotal connector between the business of the organization (e.g., top-level leadership and organizational strategy and goals) and the other forms of HR support (e.g., workflow process design, selection, development and compensation).

An example of this connection is provided through an integrated management system known as *requisite organization*. One implementation map of requisite organization involves an eight-step process:

Step	Process
1	Build the senior leadership team.
2	Design the organizational strategy.
3	Determine the structure needed to implement the strategy.
4	Design the working relationships between functions.
5	Ensure people are in the right roles for now and in the future.
6	Manage performance; ensure that managers are skilled at managerial leadership.
7	Strengthen the role of managers who are responsible for managing other managers.
8	Build the compensation system.

Adapted from Dutrisac, Koplowitz and Shepard (2007).

This case focuses on how to determine the structure needed to implement strategy and set the foundation for other HR processes.

The HR practitioner’s main role in the organizational design process is that of partner. There are three core aspects of this partnering relationship:

1. To provide leaders with structural diagnosis through identification of the root causes of organizational performance issues.
2. To help leaders evaluate a range of design options by offering clear design criteria.
3. To ensure that leaders align their organizational design decisions to short-term and long-term strategic goals by identifying critical organizational activities and current areas of strength and weakness (Corporate Executive Board, 2009).

With these aspects of the relationship in mind, the HR practitioner best contributes to the partnership by:

- Providing tools that measure the current internal and external environment and current organizational structure.
- Offering knowledge of various organizational structures, including the pros and cons associated with each structure.
- Reinforcing that leaders consider strategy as a cornerstone in their design and structure decisions.

These activities represent the strategic role of HR, encouraging HR professionals to engage with others in the organization to create the right culture and build the right organization (SHRM, 2007).

Most of the HR practitioner's organizational design work occurs when an organization's design needs to be revisited or redesigned because changes in the competitive environment require changes for the organization and its goals; a redesign may be needed to maintain or achieve alignment (Nadler, Tushman, & Nadler, 1997).

In fact, it is critical to identify the current organizational strategy and the internal and external environment of the organization to develop the structure. Structures must fit the current and future environment of an organization. Reorganization is needed when the current structure does not align with the situation (Bolman and Deal, 2003). To understand the current and future organizational strategy, it is essential that the OD consultant, whether internal or external, has access and input into the knowledge gained through senior leadership decisions regarding organizational direction. The OD consultant must have the available scope to identify the number of items that go into organizational design decisions (Robinson & Robinson, 2005).

---

### Teaching Note

More information on fit and strategy is presented in the "Models and Tools" section.

---

The first step to determine the most appropriate organizational design is to identify aspects of the organizational environment. A large component of the internal environment is determining where an organization is in the organizational life cycle. Organizational life cycle models depict stages where an organization is born, develops, grows, matures and dies.

One of the more delineated models of the organizational life cycle is summarized on the following page.

Passage	Organization Description
Courtship	<ul style="list-style-type: none"> <li>▪ There is no organization.</li> <li>▪ Founders are in love with an idea.</li> </ul>
Infant	<ul style="list-style-type: none"> <li>▪ Very busy doing.</li> <li>▪ Risk is introduced.</li> <li>▪ Focus is on short-term results.</li> <li>▪ Idea generation is no longer vital.</li> </ul>
Go-go	<ul style="list-style-type: none"> <li>▪ Moves fast and often intuitively.</li> <li>▪ Danger of having too many opportunities viewed as priorities.</li> <li>▪ Short-term focused but with vision.</li> <li>▪ Founders may be using strategies that are no longer efficient.</li> </ul>
Adolescent	<ul style="list-style-type: none"> <li>▪ Planning and coordinating for the long term.</li> <li>▪ Less focus on short-term results.</li> <li>▪ Employees desire organizational stability.</li> </ul>
Prime	<ul style="list-style-type: none"> <li>▪ Stable and predictable results.</li> <li>▪ Plans and procedures are in place for achieving efficiency.</li> <li>▪ Awareness of external environment.</li> <li>▪ May become more inward-focused toward the end of this stage.</li> </ul>
Mature	<ul style="list-style-type: none"> <li>▪ Results-oriented.</li> <li>▪ Institutionalized systems.</li> <li>▪ More interpersonal relationships.</li> <li>▪ Sense of urgency is lost.</li> </ul>
Aristocratic	<ul style="list-style-type: none"> <li>▪ Admiration of the past and desire to maintain status quo.</li> <li>▪ More interested in how something is done (ritual) than what is done or why it is done.</li> <li>▪ Less awareness of external competition.</li> <li>▪ May see increased prices for product or service.</li> </ul>
Early Bureaucracy	<ul style="list-style-type: none"> <li>▪ Results stray from earlier higher levels.</li> <li>▪ In-fighting and expulsion of some leaders.</li> </ul>
Bureaucracy	<ul style="list-style-type: none"> <li>▪ Very little is accomplished.</li> <li>▪ Peaceful and friendly.</li> <li>▪ Agreement without action.</li> </ul>
Death	<ul style="list-style-type: none"> <li>▪ No results.</li> <li>▪ Organization is dissolved.</li> </ul>

Adapted from Adizes (1979).



---

### Teaching Note

Ask students to identify some organizations at each stage of the organizational life cycle.

If there is time available for discussion, instructors may want to raise the question of whether it matters when the external perception of where an organization is in the organizational life cycle is different from the internal perception. For example, an organization with an external reputation for being slow, accomplishing very little and agreeing to change but taking no action may have actually made internal strides (internal reputation) toward moving faster and intuitively with a focus on short-term results while keeping the vision in mind. So in what stage is the organization—bureaucracy or go-go?

---

There are no guarantees that an organization will make it from one stage to the next. In fact, one of the key opportunities for an OD consultant is to recognize indicators that suggest an organization is in a risky or an unhealthy stage and aid in making adjustments. One example might be the recognition that an organization has extreme levels of formalization (e.g., an inappropriate desire for everything to be written) as part of a greater overall syndrome. Reverence for documentation might suggest that an organization is in the bureaucracy phase, which would place it at risk of death. An OD consultant could help redirect the organization to a healthier stage.

In addition to the organization's life cycle, other aspects of the organizational environment should be considered for organizational design or redesign (Duncan, 1979).

Internal Environment	External Environment
Organizational goals	Customer and client profiles
Talent management strategy	Suppliers' profiles
Cross-functional cooperation and conflict	Competitors' profiles
	Sociopolitical environment
	Industry technology environment

---

Adapted from Duncan (1979).

---

The above list is intended to be overly inclusive (Duncan, 1979). Each organization will have varying environmental factors that influence decision-making. Ideally, the OD consultant will ask questions (e.g., “What are your strategies?”, “Who are your key clients?”, “How is your competitive environment changing?”) about the most relevant environmental demands or will identify those key demands through direct client focus.

## MEASURING THE CURRENT ORGANIZATIONAL STRUCTURE

An analysis of an organization's internal and external environment is necessary when deciding what structure will best aid the organization.

Understanding of the internal environment is achieved through the measurement of the following structural dimensions:

Structural Dimension	Description
Specialization	Degree to which an organization's activities are divided into specialized roles.
Standardization	Degree to which an organization has standard rules or procedures.
Formalization	Degree to which instructions and procedures are written down.
Centralization	Degree to which the authority to make certain decisions is located at the top of the management hierarchy.
Configuration	The shape of the role structure of the organization. This includes: <ul style="list-style-type: none"><li>▪ Chain of command: the number of vertical levels or layers on the organizational chart.</li><li>▪ Span of control: the number of direct reports per manager; number of horizontal levels or layers on the organizational chart.</li></ul>

Adapted from Pugh (1973).

These dimensions are usually measured through a survey and subsequent analysis. It should be noted that in measuring the internal organization, the question then arises, "What level for each dimension is appropriate?" It is important to understand that the structural dimensions are more for comparison purposes rather than overall intensity measurement. These dimensions are especially useful in defining a profile for where an organization may be in terms of:

- Self-perception of culture.
- External perception by clients and customers.
- External comparisons to competitors.
- External perceptions by potential partners.

Understanding of the external environment is achieved through the measurement of contextual factors:

Contextual Factor	Description
Origin and history	Whether an organization was privately founded; the kinds of changes in ownership, location and other related changes the organization has experienced.
Ownership and control	Type of ownership (e.g., private or public). Is control divided among a few individuals or spread among many individuals?
Size	Number of employees, net assets and market position.
Charter	Nature and range of goods and services.
Technology	Degree of integration achieved in an organization's work processes.
Location	Number of geographically dispersed operating sites.
Interdependence	Extent to which an organization depends on customers, suppliers, trade unions, any owning groups or other related entities.

Adapted from Pugh (1973).

Contextual dimensions help formulate a better understanding of the external environment and the relationship between the internal and external environment.

Once the structural dimensions and contextual factors have been examined and the connection between an organization's structure and strategy is understood, the OD consultant can consider alternatives for solution design. The art of organizational design is assessing the essential aspects of the environment and their meaning for the organization's future. Translating those aspects into the right structure is critical to building results like increases in efficiency and cost avoidance. There is no one best structure, and the consultant's decisions depend on the supporting evidence for each organization.

## MODELS OF ORGANIZATIONAL STRUCTURE

As stated above, there is no one best organizational structure; however, several forms have emerged over time. Most current thought leaders address the vertical and horizontal structures (at a minimum). Much of the following summaries of vertical, vertical and horizontal, and open boundary structures are adapted from Anand and Daft (2007).

---

### Teaching Note

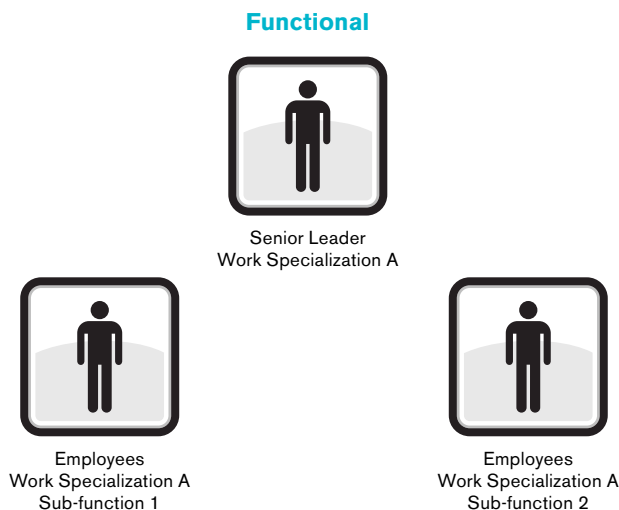
Organizational structures are often depicted using organizational chart boxes or shapes like circles or triangles. In the diagrams below, the organizational structures are depicted as people. This is deliberate and is intended to reinforce that organizational design is only about structure to the degree that structure describes how employees help the organization achieve its mission and goals through work flow and coordination of behavior.

Instructors may want to remind students that organization design affects employees and is a strategic human resource decision.

---

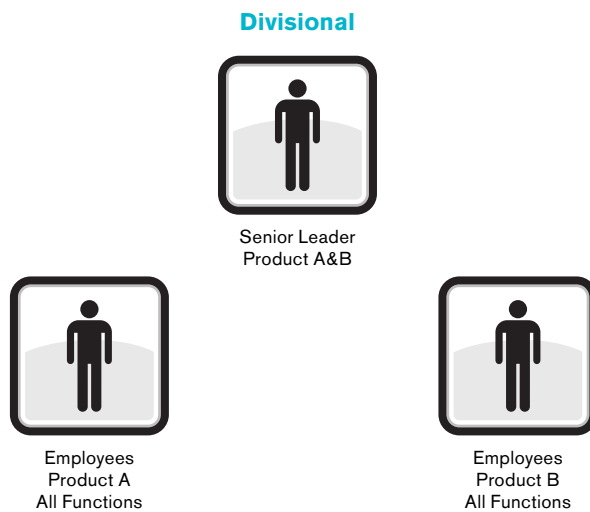
### Vertical Structures (Functional and Divisional)

Two main types of vertical structure exist, functional and divisional. The **functional structure** divides work and employees of the organization by specialization of activity. For example, all HR professionals are part of the same function and report to a senior leader of the HR function. The same reporting process would be true for other functions, such as finance or operations. A functional structure provides the advantage of having technical expertise located in one place. The structure tends to be resistant to change, though, and cross-functional activity is more difficult to promote.



*The work of one organization is divided by specialization of activity.*

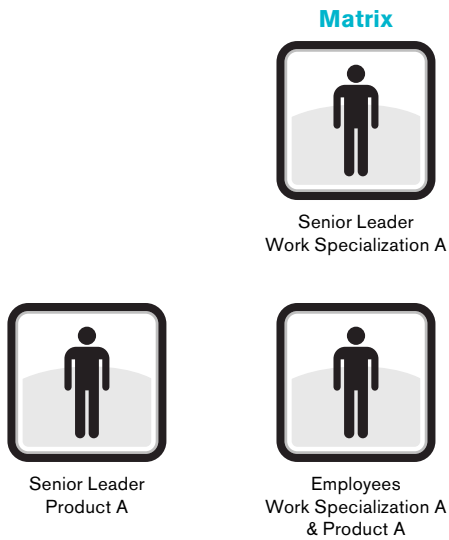
In a **divisional structure**, work and employees are most often divided by output, although a divisional structure could be divided by another variable such as geography. An example of a divisional structure would be a food manufacturer that divides work and employees by the type of food product. The candy division would have an entire staff (e.g., HR, finance and operations staff), while the frozen foods division would have an entirely different staff (e.g., HR, finance and operations staff). The divisional structure provides more focus and flexibility on each division's core competency and allows for more coordination than the functional structure. In a divisional structure, however, there is less interaction between employees with similar technical career paths; there are no centers of excellence. A divisional structure can also result in a loss of efficiency and duplication of effort because each division needs to acquire the same resources.



*The work of one organization is divided by output.*

### Vertical and Horizontal Structure (Matrix)

As a solution for some of the issues found in the functional structure, **matrix structures** are sometimes used. A matrix structure combines the functional structure with the divisional structure and creates a dual-command situation. An example of a matrix structure would be a clothing manufacturer that divides work and employees by function, but also arranges employees to have accountability to a geographical manager. The major advantage of the matrix organization is that it creates a functional and divisional partnership, and the intent of the structure is to focus on the work more than the people. The common disadvantage for matrix structures is that it is hard to manage. The matrix structure also requires greater interpersonal competency by organizational staff. These disadvantages can be exacerbated in situations where the matrix goes beyond two-dimensional (e.g., a function's employees report to two different managers) to multi-dimensional (e.g., a function's employees report to more than two different managers).



*The work of one organization combines a functional and divisional structure.*

---

### Teaching Note

Instructors may want to highlight how changes in the external environment—such as new industry competitors reaching the infant or go-go stages—can necessitate a new organizational structure (e.g., the matrix).

For example, the U.S. aerospace industry is sometimes attributed as having helped popularize the matrix structure. Wanting to close the “missile gap,” the aerospace industry incorporated a two-manager system where one manager was a technical manager and the other manager was a product manager (Gottlieb, 2007). The intent was to speed work flow and become more competitive. Looking outward to best practices in structure and then imitating those organizations with a particularly effective structure would likely not have allowed the aerospace industry to make the needed progress that occurred in the matrix structure.

For a detailed review of matrix structure, see Gottlieb (2007).

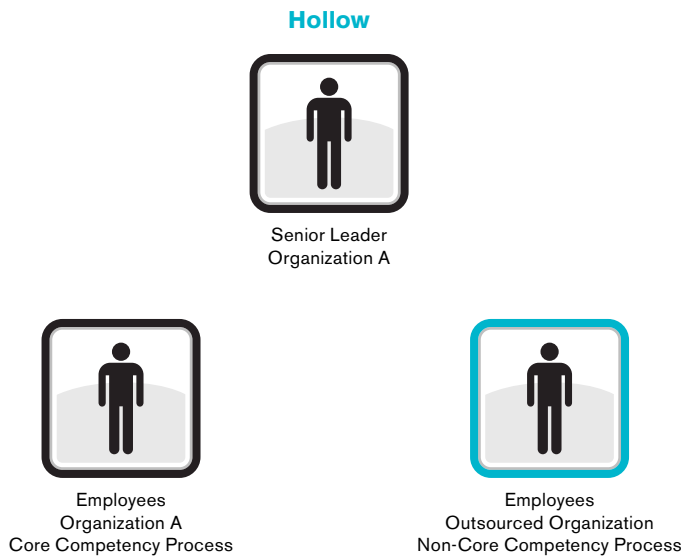
---

### Open Boundary Structures (Hollow, Modular and Virtual)

More recent trends in structural forms remove the traditional boundaries of an organization. Structures using this “boundary-less” concept include the hollow, modular and virtual organizations (Anand & Daft, 2007). Please note that in the following charts, distinctions between organizations and size of work are depicted through the use of “encompassing” boxes and alterations to the size of individual graphics.

**Hollow structures** divide work and employees by core and non-core competencies. Hollow structures are an outsourcing model. The organization maintains its core processes internally but outsources non-core processes. Key to this model is that work processes are the point of decision. For this model to succeed, incentives must be aligned between the organization and the outsourcing organizations. Hollow structures are most effective when the industry is price competitive and there are enough choices for outsourcing. An example of a hollow structure is a sports organization that has its HR functions (e.g., payroll and benefits) handled by outside organizations.

Consideration of organizational environment remains crucial in open boundary models. For example, some industries cannot outsource non-core processes due to government regulation (for example, health insurance organizations may face considerable problems in outsourcing Medicare processes). In some cases, the potential for outsourcing may have to be negotiated with a union.

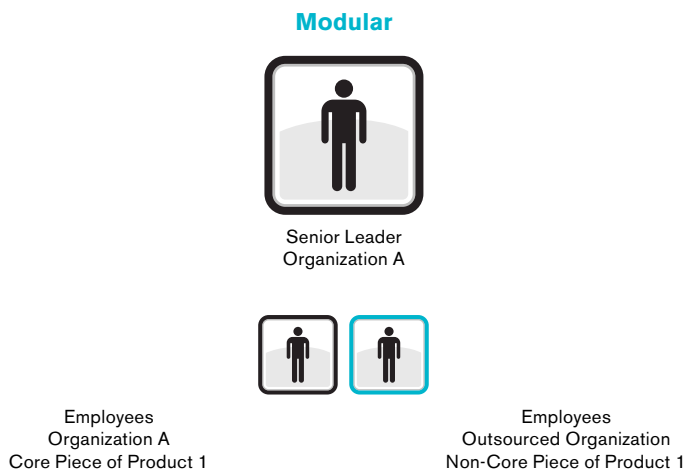


*The work processes of one organization are split between internal employees and outsourced organizations.*



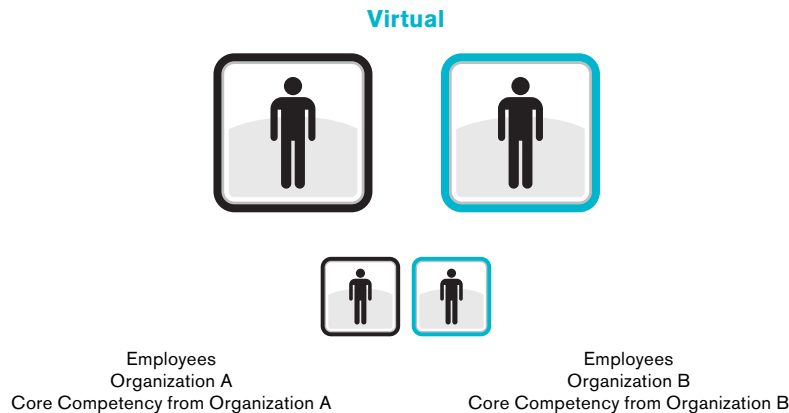
**Modular structures** differ from hollow organizations in that components of a product are outsourced. Modular structures may keep a core part of the product in-house and outsource non-core portions of the product. An example of a modular structure is a headwear manufacturer that outsources hat knitting, purchases the pre-shaped hat and then applies specialized embroidery in-house before placing the headwear on the market. Modular structures can help with efficiency and speed and may lead to increases in quality. For the modular structure to be an option, the product must be able to be broken into chunks.

In a modular structure, risk occurs if the parent organization removes itself from the quality check on the end product or if the outsourced organization uses a second outsourced organization. In those cases, the reputation of the parent organization may be compromised if the product quality is jeopardized and the name of the parent organization appears on the product.



*The work product of one organization is split between internal employees and outsourced organizations.*

**Virtual structures** are collaboration organizations. Partnerships are formed with external organizations—often competitors—that complement one another’s competence. These structures are created to respond to an exceptional and often temporary marketing opportunity. An example of a virtual structure is an environmental conservancy where multiple organizations provide employees to a virtual organization to save, for example, a historical site, possibly with the intent of economic gain for the partner organizations. Virtual structures require increased communication. Two potential drawbacks to virtual structures are a lack of trust between organizations and a lack of organizational identification among employees. In the conservancy example, the lack of trust may lead to competition instead of cooperation, and employees in the virtual structure may lack a common goal, possibly jeopardizing the opportunity for success.



*The work and employees of two organizations are combined to form a partnership.*

**Open boundary structures** may add pressure to OD consultant’s decisions. Arguably, there is more risk associated with open boundary designs. Employees in the current structure could be adversely affected in the name of efficiency. Because open boundary designs represent external partnerships, if restructuring does not lead to greater organizational effectiveness quickly, organizations may be quick to abandon change. This would be seen as a failure for the OD consultant.

Other structures exist beyond those reviewed here. As noted with the matrix structure, creation of a new structure may be appropriate. It is the OD consultant’s responsibility to identify and propose the best structure to fit a particular situation.

## MODELS TO APPLY STRUCTURE PRINCIPLES TO ORGANIZATIONAL DESIGN

An OD consultant needs models and tools to guide an initiative with a client. In organizational design consulting, the types of information a consultant wants to obtain and present relate to the previous content in this module. That information helps determine the fit of the current structure, possible redesigns and the link to organizational strategy. Many different models and tools exist or could be created to help with organizational design. Two of the more popular diagnostic models are briefly covered here.

### Goold and Campbell's Toolkit

---

#### Teaching Note

Instructors are encouraged to further investigate the models presented below by using the cited resources. In addition, websites of organizations such as SHRM could be searched for related information (e.g., articles related to organizational design).

---

Goold and Campbell (2002) reviewed how organizational executives make design decisions and created nine tests of organizational design. The tests are questions for the consultant to ask the organizational executive and for the organizational executive to then decide whether a possible design meets the standards. Four of the tests are related to fit, and the remaining tests are related to good design. The tests are summarized below.

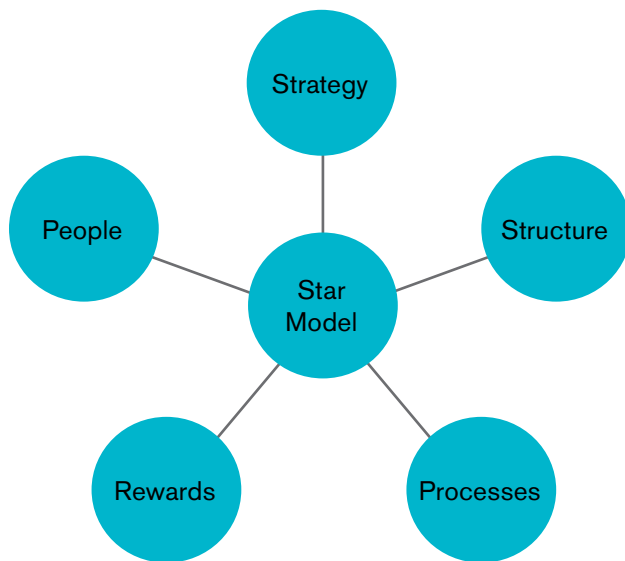
Test	Key Question
Market advantage	Does your design direct sufficient management attention to your sources of competitive advantage in each market?
Parenting advantage	Does your design help the corporate parent add value to the organization?
People	Does your design reflect the strengths, weaknesses and motivations of your people?
Feasibility	Have you taken account of all the constraints that may impede the implementation of your design?
Specialist culture	Does your design protect units that need distinct cultures?
Difficult links	Does your design provide coordination solutions for the unit-to-unit links that are likely to be problematic?
Redundant hierarchy	Does your design have too many parent levels and units?
Accountability	Does your design support effective controls?
Flexibility	Does your design facilitate the development of new strategies and provide the flexibility required to adapt to change?

Adapted from Goold & Campbell (2002).

The Goold and Campbell tests of organizational design help balance the right amount of hierarchy, control and process into organizational structure.

### Galbraith's Star Model

Galbraith's Star Model of organizational design links strategy to structure. Five organizational design categories included in the Star Model are strategy, structure, processes, rewards and people. Conceptually, the five categories are interrelated; changes in one category affect another.



Adapted from Galbraith, 2005.

Aspects of the Star Model may be more or less important depending on the organization. What is crucial is to ensure that the five categories align with each other.

From a practitioner standpoint, the one common theme is that it is important to stay focused on strategy each step of the way (e.g., see Williams & Rains, 2007).

### KEY TAKEAWAYS FROM THE OVERVIEW

1. Organizational design should be linked to strategy.
2. HR's role in organizational design is strategic and sets the foundation for additional HR work and processes.
3. Consider the organizational environment.
4. Open your mind to internal and external design models.
5. Use models and tools to lead the organizational design process.

# Structured Exercise

---

## Teaching Note

It is recommended that the following structured exercise or an alternative exercise created by the instructor be included to apply the reading. The decisions of what to include and what not to include are at the forefront when applying organizational design to a specific organization.

Instructors may allow students to select a department within an organization rather than selecting an entire organization. This decision would be most appropriate if students work in organizations and have access to departmental strategy.

For most class sizes, group work should be assigned. Smaller groups of two to four students are best-suited for this particular exercise because smaller groups can divide the work without scheduling extra group time outside of class. Additionally, smaller groups are more likely to agree on what to include in the presentation. It is recommended that instructors provide 30-60 minutes of class time for groups to plan their approach to the exercise and to find answers on initial questions that arise. Groups should complete the remainder of the assignment outside of class.

Instructors may want to demonstrate in class how to find an organization to select as a consulting client. Alternatively, instructors can assign organizations to the students.

Instructors may also want to create their own templates for presentation, especially if there are other learning objectives that the instructor wants to achieve (e.g., learning to deliver presentations).

The templates highlighted in boldface in the "Your Assignment" section are designed to help students complete the exercise. They also provide instructors with a potential writing sample from students. Some instructors may be concerned about grading students on a 2-3 minute presentation. While the exercise is designed to reflect an actual consulting standard, instructors may want to have students submit completed templates and to use them as part of the grade to supplement the presentation.

Instructors should expect groups to present their recommendations in a mock internal review meeting, as described in the following sections of the exercise. Instructors should hold groups accountable for keeping to time limits and for prioritizing the essential information for presentation purposes.

[continued on next page >>](#)

<< continued from previous page

When recommending models for the client organization, it is fine for students to recommend structures outside of the six models presented in the overview. For example, team-based structures may be appropriate for some organizations. Students may find that the most appropriate structural recommendation for an organization is a structure that has not been used before.

Summary of student requirements:

- Read the module.
- Complete the templates.
- Make a 2-3 minute presentation to class during an internal review meeting.

Summary of student work to be graded:

- 2-3 minute presentation to class during the internal review meeting (required).
- Completed templates (optional). If the instructor elects to grade the completed templates, this should be communicated to students, especially if there are any portions of the templates that will not be required.



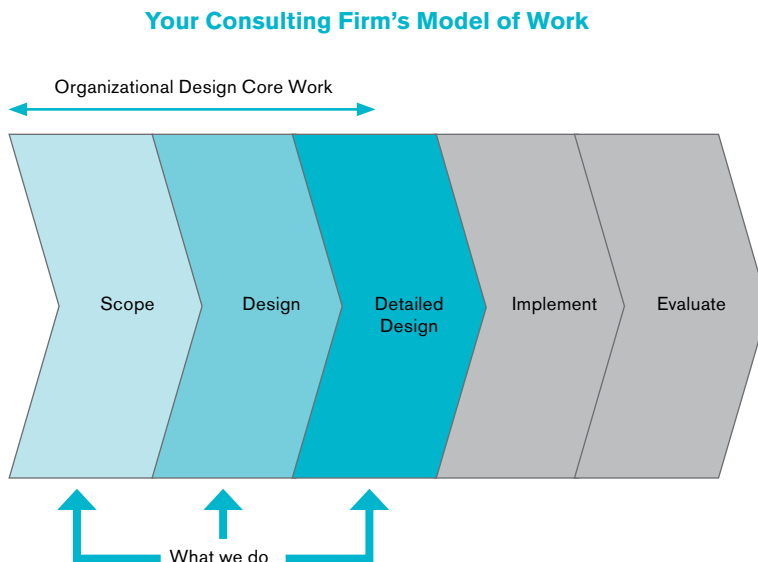
## YOUR ROLE AND THE ORGANIZATION

You are a consultant at a management consulting organization with expertise in human resources. Your organization specializes in organizational design, helping clients analyze their existing organizational design, providing alternative models, and discussing the costs and benefits of each model.

The scope of your organization's work sometimes encompasses design or redesign of an entire organization, but mostly the focus is at the departmental level.

The general operating model and business process for your organization is shown below.

### Your Organization's Operating Model



*We help our clients scope, design and develop organizational design solutions.*

Your organization tends to manage projects using a seven-step process. A pivotal step to your organization's success is the internal review meeting where you share your recommendations with other members of your organization.

Phase	Involved Parties	Key Activities
1. Initial client discussion	<ul style="list-style-type: none"> <li>▪ Client</li> <li>▪ Assigned consultants from your organization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conversation about organizational and departmental needs</li> <li>▪ Discussion of possible barriers to organizational effectiveness</li> </ul>
2. Determination of project	<ul style="list-style-type: none"> <li>▪ Client</li> <li>▪ Assigned consultants from your organization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brief recommendation to client about goals of the project and the work to be completed</li> <li>▪ Agreement by client that there is a project</li> </ul>
3. Information gathering	<ul style="list-style-type: none"> <li>▪ Client subject matter experts</li> <li>▪ Assigned consultants from your organization</li> </ul>	<ul style="list-style-type: none"> <li>▪ A review of the current state of the organization and/or department</li> <li>▪ Appropriate interviews</li> </ul>
4. Solutions design	<ul style="list-style-type: none"> <li>▪ Assigned consultants from your organization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Identification of alternative models</li> <li>▪ Analysis of advantages versus disadvantages</li> </ul>
5. Internal review meeting	<ul style="list-style-type: none"> <li>▪ <b>All members of your organization</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Presentation of client needs and recommendations</b></li> <li>▪ <b>Shared learning and feedback from colleagues at your organization</b></li> </ul>
6. Client presentation	<ul style="list-style-type: none"> <li>▪ Client</li> <li>▪ Assigned consultants from your organization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Recommendations presentation and document and discussion with client</li> <li>▪ Agreement on solution</li> </ul>
7. Refinement	<ul style="list-style-type: none"> <li>▪ Assigned consultants from your organization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Changes to project recommendation</li> <li>▪ Preparation for implementation</li> </ul>



## CURRENT PROJECTS

Your organization currently has several client projects underway. You have been assigned to one of those projects. As part of your work, you are expected to:

1. By using organization design models, analyze the situation associated with the consulting engagement to which you are assigned.
2. Form recommendations for the design/redesign of the structure associated with the particular consulting engagement.
3. Participate in the internal review meeting discussion about the recommendations, including the similarities and differences between the consulting engagements undertaken by each of the student groups or individual students.

For the information gathering step, prepare to brief your classmates on your consulting engagement in two to three minutes. Explain what the client organization does, what the client organization is interested in accomplishing and how your organization can help the client organization. Specifically, make recommendations for your client and provide support for why those recommendations are appropriate. Following your presentation, open the floor for discussion with your classmates and instructor. Your classmates and instructor will offer supportive feedback and constructive challenges to your recommendations. The discussion should last five to eight minutes.

## YOUR ASSIGNMENT

1. Read the “Organizational Design: An Overview” background information.
2. Select an organization as the consulting client. This can be an organization at which you work or an organization that you research. Use the organization’s website, government websites and/or commercial websites such as Hoovers ([www.hoovers.com](http://www.hoovers.com)) to learn more about the organization. After collecting as much information as you can through the Internet, consider using library database search engines to supplement the information.
3. Collect as much information as you can to answer questions related to the organizational design. Some of the information may include evidence of organizational strategy, stage in the organizational life cycle, internal environment, external environment, structural dimensions and contextual dimensions. Use the “Organizational Design Consulting Survey” to capture information related to your client.
4. Once you have collected sufficient information about the organization, brainstorm design models that might fit with the organization’s strategy.
5. Form your recommendations about organizational design. Note the reasons and risks associated with your recommendations. Use the “Organizational Design Recommendation Form” to capture the recommendations for your client.
6. Prepare your presentation for the internal review meeting. This should consist of speaking notes (either in a text document or in graphical presentation form) that summarize information related to the selected organization, and recommendations and supporting evidence. You may use the “Internal Review Meeting Preparation Form” to organize your speaking notes, or you can create your own template.
7. Participate in the internal review meeting. Be sure to review the “Ground Rules for the Internal Review Meeting.”



- Describe the balance between short-term and long-term focus for this organization.
  
- Describe how this organization approaches its external environment. How aware is this organization of its external environment?
  
- How much emphasis does this organization put on results, both short term and long term?

### **Internal Environment**

- How well does this organization coordinate across functions? How is information shared across functions?
  
- What are the core processes and products provided by this organization? What unique processes and products does the organization produce well?
  
- Are there processes and products that prevent this organization from optimal performance? If so, how?

## External Environment

- Describe the clients of this organization. Are there potential future clients that are desirable for this organization?
  
- What suppliers does this organization depend on to meet its mission and goals?
  
- Describe the competitors of this organization. What are some industry trends?
  
- Is there any regulation anticipated that will affect this organization and its industry? Please explain.
  
- Is there any new technology anticipated that will affect this organization and its industry? Please explain.





- How is this organization structured geographically?

- How dependent is this organization on its largest suppliers? How dependent is this organization on its largest customers?



## ORGANIZATIONAL DESIGN RECOMMENDATION FORM

Use this form to record your recommendations for organizational design for your client organization. Also, feel free to use the organizational design models presented in the module to help define your ideas for this form.

Strategic mission and goals of client organization	
Strategic gap related to client's current organization design	
Strategic goals of recommended organization redesign	
Recommended model for client organization	
Why is the recommended model most appropriate?	
Why are other models not appropriate?	
What are the risks associated with your recommended model?	

## INTERNAL REVIEW MEETING PREPARATION FORM

Key descriptive points about your client organization	1. 2. 3.
Key points about your client organization's strategy	1. 2. 3.
Other key points about your client organization	1. 2. 3.
Your recommendation and how the recommendation links to strategy	1. 2. 3.
Key points supporting your recommendation	1. 2. 3.

*Respect the time limit for presenting your recommendations. Plan to present for 2-3 minutes and use an additional 5-8 minutes to address questions from other consultants.*

## GROUND RULES FOR THE INTERNAL REVIEW MEETING

1. The internal review meeting is the opportunity to present your organizational design recommendations to colleagues before presenting them to your client.
2. Prepare the presentation for the internal review meeting in advance and rehearse it with the consideration that your colleagues do not know about your client organization, its strategy or environment. Provide enough description so your colleagues can offer effective feedback.
3. Respect the time limit for the presentation. Focus on key points and keep statements direct. Try to limit sentences to five to eight words. Decide what the key messages are and reiterate those messages. Be sure your presentation pieces align. For example, your design recommendation should be consistent with the strategy and environmental issues you present.
4. Have additional information available and be knowledgeable about your client organization. This will facilitate discussion and your ability to answer questions posed by your colleagues.
5. When serving as a colleague for recommendations presented by others, approach the situation as if you were a senior leader at the client organization.
6. Provide other consultants (classmates) with feedback that supports and challenges their recommendations.
7. Remember, the goal of the internal review meeting is to develop the best solutions for your client organization.

---

### Teaching Note

It may be helpful for instructors to role model the expected behavior either by presenting a sample organization and/or by providing the first feedback to the first group of presenters.

---

# References

- Adizes, I. (1979). Organizational passages: Diagnosing and treating lifecycle problems of organizations. *Organizational Dynamics*, 8(3), 3-25.
- Anand, N., & Daft, R. L. (2007). What is the right organization design? *Organizational Dynamics*, 36(4), 329-344.
- Bolman, L. G., & Deal, T. E. (2003). *Reframing organizations: Artistry, choice and leadership (3rd ed.)*. San Francisco, CA: Jossey-Bass.
- Burton, R. M., DeSanctis, G., & Obel, B. (2006). *Organization design: A step-by-step approach*. New York: Cambridge University Press.
- Corporate Executive Board. (2009). *HR's role in organizational restructuring: Driving effective enterprise change*. Arlington, VA: Corporate Executive Board. Retrieved December 18, 2009, from <https://clc.executiveboard.com/Public/Default.aspx>.
- Duncan, R. (1979). What is the right organization structure? Decision tree analysis provides the answer. *Organizational Dynamics*, 7(3), 59-80.
- Dutrisac, M., Koplowitz, H., & Shepard, K. (2007). An executive's guide to RO-based organizational design. In J. L. Gray, J. G. Hunt, & S. McArthur (Eds.), *Organization design, levels of work & human capability* (27-52). Ontario, Canada: Global Organization Design Society.
- Etzioni, A. (1964). *Modern organizations*. Englewood Cliffs, NJ: Prentice-Hall, Inc.
- Galbraith, J. (2005). *Designing organizations: An executive briefing on strategy, structure, and process*. San Francisco, CA: Jossey-Bass.
- Goold, M., & Campbell, A. (2002). Do you have a well-designed organization? *Harvard Business Review*, 80(3), 117-124.
- Gottlieb, M. R. (2007). *Matrix organization reloaded: Adventures in team and project management*. Westport, CT: Praeger Publishers.
- Greiner, L. E. (1972). Evolution and revolution as organizations grow. *Harvard Business Review*, 50(4), 37-46.
- Greiner, L. E. (1998). Evolution and revolution as organizations grow. *Harvard Business Review*, 76(3), 55-68.
- Jacques, E. (1999). *Requisite organization: A total system for effective managerial organization and managerial leadership for the 21st century* (2<sup>nd</sup> revised ed.). Gloucester, MA: Cason Hall.

Nadler, D. A., Tushman, M. L., & Nadler, M. B. (1997). *Competing by design: The power of organizational architecture*. New York: Oxford University Press.

Pugh, D. S. (1973). The measurement of organization structures: Does context determine form? *Organizational Dynamics*, 1(1), 19-34.

Robinson, D. G., & Robinson, J. C. (2005). *Strategic business partner: Aligning people strategies with business goals*. San Francisco, CA: Berrett Koehler.

Sandler, B. E. (1974). Annotated bibliography on approaches to organizational design. *Professional Psychology*, 5(3), 353-356.

Society for Human Resource Management. (2007). *The SHRM learning system: Strategic management*. Alexandria, VA: Society for Human Resource Management.

Stanford, N. (2007). *Guide to organization design: Creating high-performing and adaptable enterprises*. London, England: Profile Books.

Williams, T. C., & Rains, J. (2007). Linking strategy to structure: The power of systematic organization design. *Organization Development Journal*, 25(2), 163-170.

SHRM members can download this case study and many others free of charge at  
[www.shrm.org/education/hredemption/pages/cases.aspx](http://www.shrm.org/education/hredemption/pages/cases.aspx).

If you are not a SHRM member and would like to become one, please visit [www.shrm.org/join](http://www.shrm.org/join).



SOCIETY FOR HUMAN  
RESOURCE MANAGEMENT

1800 Duke Street  
Alexandria, VA 22314-3499