

Designing a High Performance Organization

An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage.

Jack Welch

The right people are the difference that make the difference between a mediocre organisation and an excellent organisation. Simple.

People themselves are the reason why a company grows or not (that's why companies in growing market stay blocked: lack of the right people).

People, however, need to be inserted in an organizational model that allows them to reach their objectives in the best way, and that allows the company to exploit its "core competences" to the best.

Designing an organizational structure means acting on the very same structure (organizational roles), the processes, the incentives and, we will see, KPIs.

Certainly, we don't want to write an essay of "organisational design" here, but High Performance Companies have organisational structures with certain characteristics. When you design your organization:

- 1- Not change too often! Doing it can give you the impression that something substantial has changed, even if that is not how it is. **Changing too often means that in reality nothing changes and it produces confusion in people.** The organisation must change, only however, if the strategic objectives of the company change.
- 2- **Be simple!** The simpler the organisation is, the easier it will be to make it work and to communicate.
- 3- Remember that there has to be just one person at the helm. Responsibilities must be assigned in a clear way, **you always need to know who is "accountable" for results.**
- 4- **Be flexible:** in today's world structures cannot be too rigid.
- 5- **Distinguish functions aimed at efficiency from functions aimed at effectiveness.** To get efficiencies, you must be rigid, precise, inflexible. To reach effectiveness, you must be flexible and be able to make mistakes. Don't make the CFO bring in the innovation!
- 6- Not design organisational structures based on the people that you have available at the moment! First comes the design of the best structure to reach the strategic objectives, **then the right people are allocated** (or sought).

7- Remember that every organisational structure has some trade-offs. **A perfect structure doesn't exist.**

8- Group similar activities, but not to overlook the mechanisms of integration to coordinate and to share information and decisions among different groups. **An optimal structure balances differentiation (through grouping) with integration (through linking).**

9- **Be careful with matrix structures!** According to many they are a way to integrate, but in reality they have shown to create more problems than those that they solve; they have been abandoned by most companies that had implemented them in the '80s and '90s, and above all they are perfect for those who don't want to make decisions.

10- Communicate, Communicate, Communicate!

Finally, remember that the most difficult thing to do is to change the company culture, according to Frances Frei and Anne Morris at Harvard Business Review:

“Culture guides discretionary behavior and it picks up where the employee handbook leaves off. Culture tells us how to respond to an unprecedented service request. It tells us whether to risk telling our bosses about our new ideas, and whether to surface or hide problems. Employees make hundreds of decisions on their own every day, and culture is our guide. Culture tells us what to do

when the CEO isn't in the room, which is of course most of the time."

Simone Gibertoni

From from ["High Performance Company Manifesto"](#) by Simone Gibertoni