

SECTION 2 TAKES YOU THROUGH THE ORGANISATIONAL STRUCTURING PROCESS STEP BY STEP. IT CONTAINS THE FOLLOWING:

- **CHAPTER 6: GIVES AN OVERVIEW OF THE PHASES IN THE ORGANISATIONAL DESIGN PROCESS AND TOOLS THAT CAN BE USED. EACH PHASE IS THEN DISCUSSED IN DETAIL IN THE SUBSEQUENT CHAPTERS.**
- **CHAPTER 7: PHASE 1: DIAGNOSIS**
- **CHAPTER 8: PHASE 2: DETERMINING ORGANISATIONAL REQUIREMENTS**
- **CHAPTER 9: PHASE 3: DESIGNING THE STRUCTURE**
- **CHAPTER 10: PHASE 4: DEVELOPING THE BUSINESS CASE AND PLANNING THE IMPLEMENTATION**
- **CHAPTER 11: PHASE 5: IMPLEMENTING THE STRUCTURE**
- **CHAPTER 12: PHASE 6: MONITORING AND EVALUATION**
- **CHAPTER 13: PLANNING AND MANAGING THE ORGANISATIONAL STRUCTURING PROJECT**
- **CHAPTER 14: MANAGING CHANGE AND TRANSITION**

(NOTE: BEFORE YOU EMBARK ON AN ORGANISATIONAL STRUCTURING PROCESS, IT IS ADVISABLE TO FAMILIARISE YOURSELF WITH CHAPTER 13: PLANNING AND MANAGING THE ORGANISATIONAL STRUCTURING PROJECT)

CHAPTER

7

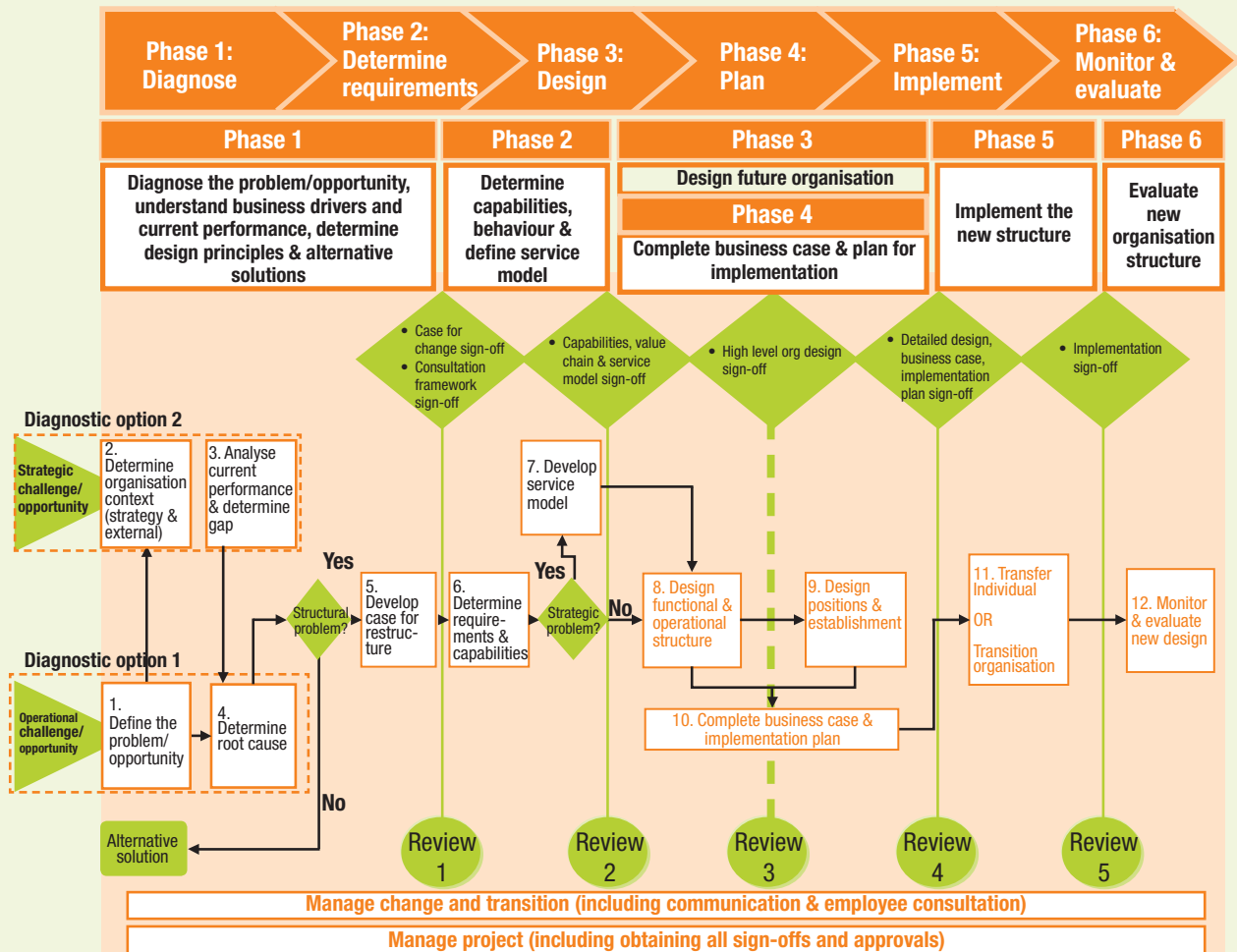
PHASE 1: DIAGNOSIS



CHAPTER 7

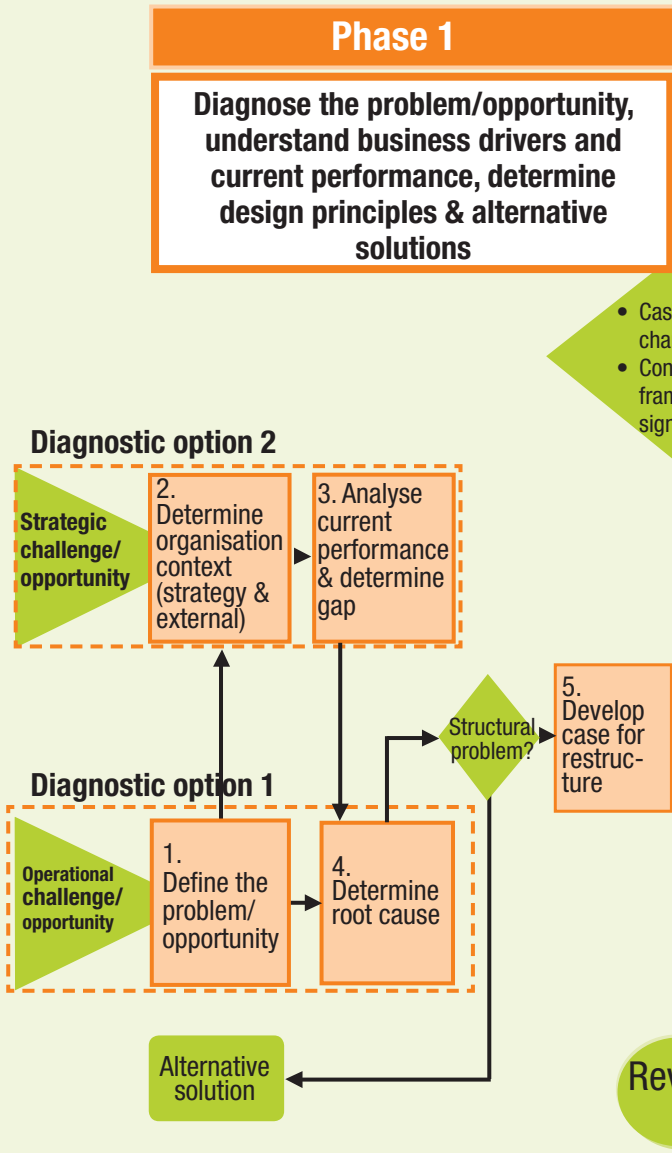
7. PHASE 1: DIAGNOSIS

7.1 OVERVIEW OF PHASE 1



Phase 1 consists of the following:

- Steps 1 to 5 of the overall organisational structuring process.
- Decision point 1.
- Review point 1.



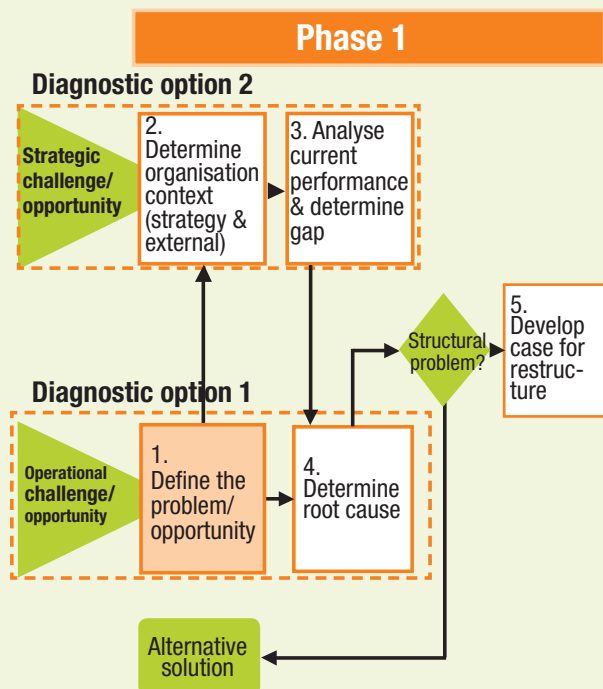
Purpose

To understand the problem/ opportunity or current organisational strategy, structure, roles and working methods in order to inform development of the future organisational design

Objectives

- Collect and analyse information about the problem/opportunity including current organisational structure, roles, KPIs, processes, technology, and staff location.
- Identify the root cause and potential solutions OR identify strengths to preserve in future organisational design, and/or issues to address in the future organisational design.

7.2 STEP 1: IDENTIFY AND DEFINE THE PROBLEM/OPPORTUNITY



Purpose

The first step in the diagnostic phase is to define the problem/opportunity. This can be a strategic challenge/opportunity or an operational challenge/opportunity.

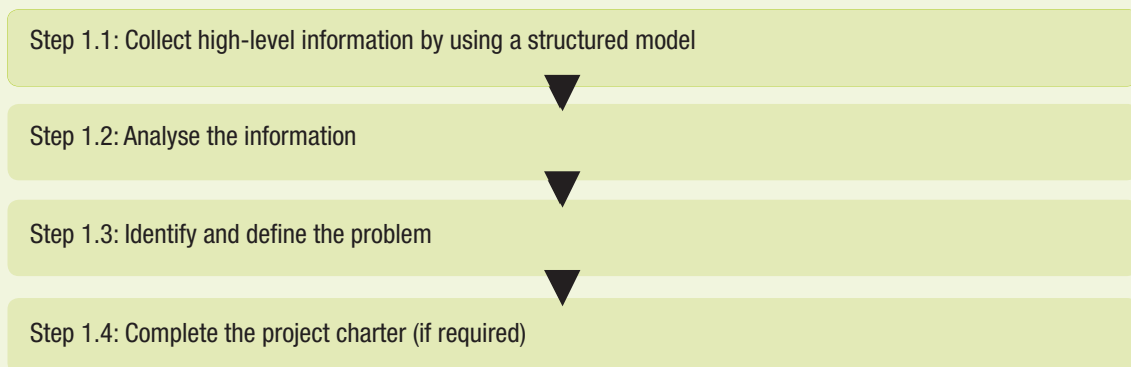
Objectives

- To identify and clearly define the problem to avoid unnecessary changes in structure.
- To determine the types of problems/opportunities and categorise these.

Possible approaches

- Accept the problem statement from the primary client/service recipient (line manager).
- Review the problem by using the suggested tools to analyse the possible problem.

7.2.1 PROCESS FOR STEP 1



7.2.2 TOOLS FOR STEP 1

Tools	Highly recommended	Recommended	Nice to have
Business excellence model	X		
Burke and Litwin model	X		

Tools for problem analysis and organisational performance analysis		
Diagnostic tool	Explanation	When to use it
Business excellence model	<ul style="list-style-type: none"> The business excellence model provides a framework for assessing the aspects of performance that make an organisation successful. It is based on business excellence criteria and provides for a structured review of generic organisational enablers and result areas. 	<ul style="list-style-type: none"> This tool provides a good basis for identifying the institutional problem or challenge that needs to be addressed in order to improve organisational performance or deliver on the organisation's mandate.
Burke and Litwin model	<ul style="list-style-type: none"> The model makes the following key points: <ul style="list-style-type: none"> The external environment is the most powerful driver for organisational change. Changes in the external environment lead to changes in the “transformational” factors within an organisation – its mission and strategy, its organisational culture and its leadership. These factors have an impact across the organisation and its staff. Changes in transformational factors lead to changes in the “transactional” factors – the structure, systems, management practices and climate. These are more operational factors and may not have an organisation-wide impact. Together, changes in transformational and transactional factors affect motivation, which in turn impacts on individual and organisational performance. 	<ul style="list-style-type: none"> It can be used to diagnose the root cause of organisational performance problems. It can be used as a framework for planning a change strategy – the key levers for major organisational change are the transformational factors. It can be used to plan the implementation of a restructuring process by using the transactional and individual factors as areas to consider for implementation of the new structure. However, to be effective and sustainable, changes in transformational and transactional factors need to be consistent with each other.

7.2.3 HOW TO EXECUTE STEP 1

Step 1.1 Collect high-level information

When defining the problem or opportunity it is important to collect the relevant information that will enable you to obtain the best possible appreciation of the problem or opportunity. Collect information on all the symptoms that present themselves or information on the actual potential of the opportunity.

Step 1.2 Analyse the information

When analysing information it is always a good idea to use a structured approach to obtain a clear picture of what the information is telling you. This means organising your information into meaningful categories, consolidating information and identifying trends. The Guide provides two tools to use for this purpose, namely the Business excellence model and the Burke and Litwin model. Both tools will assist you in organising and analysing information.

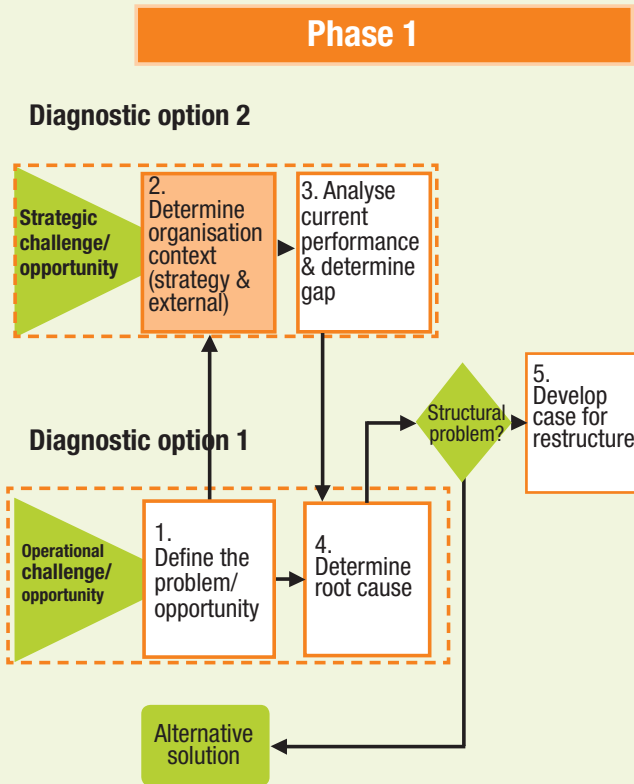
Step 1.3 Identify and define the problem

By taking the groupings of the information as you organised them in the specific tool you used, you need to find the links and summarise this in a concise statement which will provide an accurate indication of the problem or opportunity. Ensure that the statement includes all the relevant aspects that you identified in the analysis.

Step 1.4 Complete the project charter (if required)

If you have not already completed the project charter, this is the opportune time to do so. Refer to Chapter 13 of the Guide – Planning and managing an organisational structuring.

7.3 STEP 2: DETERMINE THE ORGANISATIONAL CONTEXT



Purpose

- If the problem is strategic or transformational in nature we need to understand where the organisation wants to be in future so as to inform development of the design of the organisation-to-be.

Objectives

- Articulate a statement of the organisation’s strategic imperatives.
- Understand what achievement of the strategic objectives would look like in practice.

Possible approaches

- Gather and review existing mandate and strategy documents.
- Management should explore the meaning of the documented strategy in practice.
- Conduct focus groups and individual interviews.
- Perform benchmarking exercises.

7.3.1 PROCESS FOR STEP 2



7.3.2 TOOLS FOR STEP 2

Tools	Highly recommended	Recommended	Nice to have
Determine critical success factors	X		
Determine service drivers	X		
Value driver analysis		X	
Business focus matrix		X	

Strategy analysis tools		
Tool	Explanation	When to use it
Critical success factor/ behaviour matrix	<ul style="list-style-type: none"> A useful tool, depending on how the strategic plan is developed, is to: <ul style="list-style-type: none"> Analyse each key success factor (KSF) and the behaviour which will be required from employees OR Conduct a similar analysis on the key performance indicators (KPIs). 	<ul style="list-style-type: none"> Useful for situations where a whole organisation or sections of an organisation need to be restructured. Not applicable to individual jobs or job family adjustments.
Determine service drivers	<ul style="list-style-type: none"> A tool to understand where the organisation wants to be in future so as to inform development of the design of the organisation-to-be. The tool also enables the review of the impact of the anticipated future in practice. Understand what completion of the strategic objectives would look like in practice. 	<ul style="list-style-type: none"> This is an alternative to the value driver analysis. You do however require the strategic objectives of the department or unit which you need to review.
Value driver analysis	<ul style="list-style-type: none"> The value driver analysis is a tool designed to analyse the activities which enable the department to provide the value promise to the service users/ stakeholders. There are three groups of stakeholders i.e. employees, service users/citizens, and government/investors and for each of the groups the department has a specific value proposition. Once the activities have been identified, the design principles for the organisational architecture can be identified. 	<ul style="list-style-type: none"> This is one of the most powerful methods to determine service/value drivers and how the organisation needs to organise itself. Use for organisational alignment for the total and individual units in the organisation.
Business focus/ value proposition matrix	<ul style="list-style-type: none"> Ulrich et al introduced the business focus/value proposition matrix. It provides an opportunity to clarify the business focus of the department (which has a specific structural implication) and the value proposition (the promise to the service user/citizen). This can be used to clarify the focus of the organisational architecture. A service-oriented business focus with speed as a value proposition will require strongly devolved decision making and multidisciplinary teams. A derivative of this is to do a matrix on the different service user segments i.e. high- vs. low-income groups, rural vs. urban groups, technology-enabled vs. non-technology-enabled etc. 	<ul style="list-style-type: none"> Total organisational restructuring. Unit or directorate restructuring. Structuring a new unit or organisation. An alternative to value driver or service driver analysis.

7.3.3 HOW TO EXECUTE STEP 2

Step 2.1 Analyse the core mandate and value proposition

The core mandate or mandates reflect the organisation’s main reason for existence. It is the “bottom line” against which the organisation’s performance in terms of both outputs and outcomes will ultimately be measured. It therefore follows that these mandates must be accurately identified and analysed. The core mandate can be found in legislation, major policy documents and strategic planning documents.

The core mandate implies a specific set of value propositions to stakeholders and there are a number of tools to determine this. The team or line manager needs to select the most appropriate tools for the specific circumstances.

Step 2.2 Analyse the broad policy environment

As for the broad policy environment, it should be borne in mind that an organisation does not function in isolation. An organisation in the public sector always functions within a wider policy framework and context.

In the case of	Consider the following:
A national organisation	<ul style="list-style-type: none"> • The national government strategy. • The broad policy directions and goals of the national government. • The cluster guidelines at national level. <p>Other trends that might be benchmarked are:</p> <ul style="list-style-type: none"> • International trends. • Other intergovernmental structures.
A provincial organisation	<ul style="list-style-type: none"> • The broad policy directions and policy goals of the national government (as taken up in, among others, the AsgiSA policy framework, the National Spatial Development Framework). • The broad policy directions and goals of the provincial government. • Sector or cluster policy guidelines at both the national and the provincial level. <p>Other trends might include:</p> <ul style="list-style-type: none"> • International public policy trends in respect of the specific function(s). • Policy directions and statements of intergovernmental relations structures.

Step 2.3 Analyse the service delivery environment and constraints

What are the societal issues or stakeholder requirements that need to be addressed? This has to a large extent been done if a value driver analysis was completed. If the value drivers have not been defined, this might be the appropriate step to do so.

An alternative could just be to brainstorm the issues which are forcing this structuring intervention. A force field analysis could also be used to determine the extent of these issues and the major challenges in addressing the issues. The future impact of the societal issues and stakeholder requirements can be analysed by using a business focus matrix or service driver analysis.

A further review must also be done to do a reality check on things which we cannot change or will not go away in the near future: geographical constraints, physical constraints, technology, and life cycle of the organisation, other departments and regulatory requirements. These should be used when designing the service model.

NOTE: Do not assume something cannot change. Be sure that it is a given and will remain so for the medium term at least.

Step 2.4 Define the critical success factors for strategic/mandatory success

Based on the value drivers, the realities, the stakeholder requirements and the policy environment, the team now needs to identify the critical success factors for the organisation and therefore for the anticipated new structure. The critical success factors can be identified by using the Critical Success Factor tool as described on page 16-6 in Section 3 of the Guide.

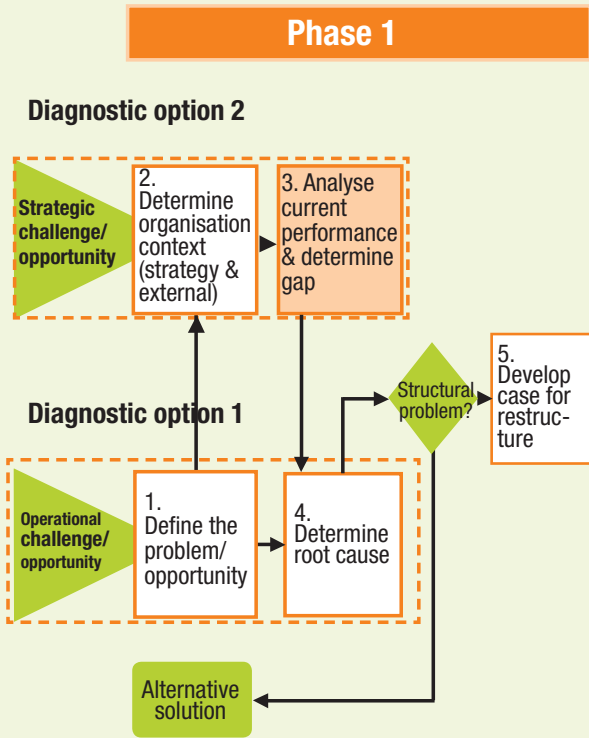
Step 2.5 Formulate the future state

In order to consolidate all the information on the current organisational context and future requirements, we need to translate them into a future state description. This description includes the following about the future requirements to achieve the mandate of this organisation:

- What does the organisation need to achieve?
- Why would it be necessary?
- How would the organisation go about doing it?
- To whom should the service be rendered?
- Where should the service be rendered?
- What are the key performance indicators of success?
- What would be the key challenges in achieving these indicators? (What would require assistance from government? The legislative environment and its limitations?)

This document will form the basis for step 3 where the current performance of the organisation will be assessed against this statement.

7.4 STEP 3: ANALYSE CURRENT ORGANISATIONAL PERFORMANCE



Purpose

To understand the current organisational strategy, structure, roles and working methods in order to inform development of the future organisational design

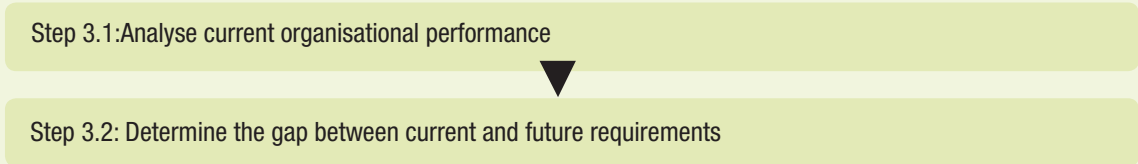
Objectives

- Gather and analyse information about the current organisational structure, roles, KPIs, processes, technology, staff, location etc.
- Identify strengths to preserve and/or issues to address in the future organisational design.

Possible approaches

- Involve employees in reviewing the current performance.
- Use analysis tools to review the current performance against the future state.
- Review current performance against key indicators.

7.4.1 PROCESS FOR STEP 3



7.4.2 TOOLS FOR STEP 3

Tools	Highly recommended	Recommended	Nice to have
Benchmarking			X
SWOT analysis of the critical success factors	X		
Critical success factor/key performance factor vs. behaviour analysis		X	
Stakeholder requirement analysis	X		
Gap analysis tool	X		

Organisational performance analysis tools		
Tool	Explanation	When to use it
Benchmarking	<ul style="list-style-type: none"> A planned process for selecting and collecting information which will assist the organisation in assessing either their current level of performance in relation to others, or to identify solutions to specific performance challenges which the organisational experiences. It is used to compare your processes/structures with others in a different context to collect information which will assist you in designing your interventions. 	<ul style="list-style-type: none"> Useful tool to verify the current performance of the organisation. Use if you have time to do benchmarking.
SWOT analysis of the critical success factors	<ul style="list-style-type: none"> SWOT analysis is a tool for assessing and communicating the current position of an organisation or a restructuring option in terms of its internal strengths and weaknesses (things we control) and the external opportunities and threats (things we do not control) it faces. 	<ul style="list-style-type: none"> This is the quickest and easiest tool to use when reviewing organisational performance. You do however need to have a good understanding of the critical success factors.
Critical success factor/ key performance factor vs. behaviour analysis	<ul style="list-style-type: none"> A high-level analysis tool to review the link between the current employee behaviour and the organisational structure. 	<ul style="list-style-type: none"> This should be a standard tool for every restructuring exercise. The identification of required behaviour is as important as knowing what needs to be done.
Stakeholder requirement analysis	<ul style="list-style-type: none"> To determine segmented stakeholder or citizen requirements which are realities and need to be addressed by the organisation. It distinguishes between three generic types of groups, but can be expanded to include investors/donors. 	<ul style="list-style-type: none"> If you do not use the tool to review performance, you will have to use it to determine requirements in step 6. There is no better way of focusing any restructuring than taking a real hard look at how you are able to give citizens or service users what they want and what you promise.
Gap analysis tool	<ul style="list-style-type: none"> Gap analysis is the name given to identifying, specifying and taking action on the gap between the situation as is and the situation as we would like it to be. 	<ul style="list-style-type: none"> The standard tool to establish the performance gap of the organisation.

7.4.3 HOW TO EXECUTE STEP 3

Step 3.1 Analyse the current organisational performance

The current organisational performance can be reviewed by using any of the tools identified for step 3 in Section 3 of the Guide. The information about the current performance may not be as readily available as one might think, especially process related information, for example:

- Turnaround time, processing time, rework, downtime, idle time.
- Volume, unit cost, time spent on non-core activities, waste.
- Cost to the service recipient to obtain access to the service (travel, queuing, telephone calls, more than one visit, incorrect or inaccurate information, or time spent to contact the organisation).

This information can be collected by surveys, interviews, focus groups, and observations. Remember that this analysis is not focused on any individual position, but on assessing the current health of the organisation and its collective capability to perform at the required level.

The SWOT analysis is an easy-to-use tool and is versatile enough to provide useful information about what needs to be addressed and what needs to be maintained and built upon in the new structure.

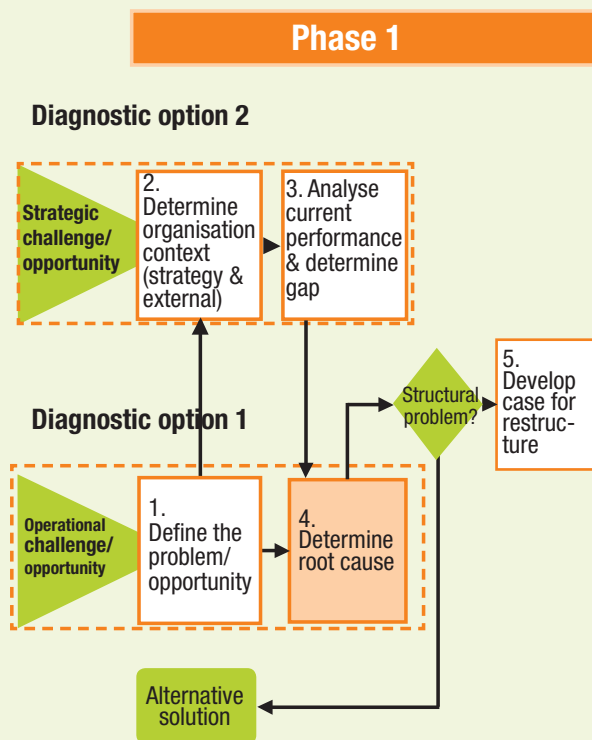
If the stakeholder analysis was done during the previous step, it can be used effectively to illustrate the current performance against stakeholder requirements.

Benchmarking could be used to do a reality check against other similar organisations and their performance and capabilities.

Step 3.2 Determine the gap between current and future requirements

Integrate the current performance review data and the future state requirements into a gap analysis to determine how significant the gap is, and where the performance gap exists. The performance gap does not provide the root cause for the variance, but will indicate where the focus should be for future performance.

7.5 STEP 4: IDENTIFY ROOT CAUSE OF THE PROBLEM



Purpose

If operational problem with no impact on strategic direction: After the problem has been defined, the root cause of the problem is the next important piece of information to determine whether an adjustment to the organisational structure is an appropriate solution to the problem.

If strategic problem or opportunity: After the gap analysis between required and actual performance, the root cause of the performance problem is the next important piece of information to determine whether an adjustment to the organisational structure is an appropriate solution to the problem.

Objective

Identify the root cause by utilising appropriate tools to ensure the correct diagnosis of the situation and provide the basis to determine the appropriate course of action.

Possible approaches

- Documentation and literature review.
- Focus groups (structured or unstructured).
- Individual interviews (structured or unstructured).
- Utilising quantitative or qualitative tools.
- Combination of the above.

7.5.1 PROCESS FOR STEP 4



7.5.2 TOOLS FOR STEP 4

Tools	Highly recommended	Recommended	Nice to have
Root cause analysis	X		
SWOT	X		
7 S	X		
Dependencies map	X		
Brainstorming		X	
Cost of poor service delivery		X	
Pareto analysis			X
Fault tree analysis		X	

Tools for identifying root cause of problem		
Tool	Explanation	When to use it
Root cause analysis	<ul style="list-style-type: none"> This methodology is similar to the fault tree analysis in identifying possible causes of a problem and then breaking the causes down in turn to determine all possible contributing factors to a specific situation. This is done in a diagrammatic manner called the “fishbone” diagram. 	<ul style="list-style-type: none"> Whenever a problem is defined or identified. This can be substituted with the fault tree.
SWOT	<ul style="list-style-type: none"> SWOT analysis is a tool for assessing and communicating the internal issues (strengths and weaknesses) and external issues (opportunities and threats) in a structured manner. 	<ul style="list-style-type: none"> Universal tool which can be used to diagnose various aspects: strategic, internal, risks, determining design principles etc.
7 S	<ul style="list-style-type: none"> This tool describes seven key interdependent organisational variables that need to be taken into account in organisational design. The method provides an opportunity to think about the “formal hard issues” of an organisation – its strategy and structure – and the “soft issues” – its management style, systems and procedures, staff, skills and shared values (i.e. culture). 	<ul style="list-style-type: none"> Used as a tool to perform an internal diagnosis of the organisation’s health. This can be substituted with the Burke and Litwin model or the business excellence model.
Dependencies map	<ul style="list-style-type: none"> This tool assists in identifying the interdependencies between different functions currently in the organisation or between different managerial positions. The tool can also be adapted to identify interdependencies between business processes. 	<ul style="list-style-type: none"> Used specifically when there is an overlap or duplication of duties OR internal conflict about outputs and responsibilities.
Brainstorming	<ul style="list-style-type: none"> This methodology and its derivative called the nominal group technique are used to obtain the inputs from groups concerned with the identification of the problem or the potential solution. It is used to encourage more creative problem solving. 	<ul style="list-style-type: none"> A versatile qualitative tool and can be used for various applications: to identify problems, identify possible root causes, identify requirements, design principles, prioritise etc.

Cost of poor service delivery	<ul style="list-style-type: none"> The cost of poor service delivery is a quantitative method to determine the cost of process inefficiencies. The method is based on the following formula: TOC (total operating cost) = EFTW (essential first-time work price) + PSDC (poor service delivery cost). The method quantifies the direct (actual) and indirect (lost opportunities) cost of rework, waste, duplication, time wasted etc. You can use this method to build the business case. 	<ul style="list-style-type: none"> Useful when confronted with an efficiency problem i.e. people are very busy, but do not seem to achieve much, or there is a significant checking/reviewing activity in the process or there is a lot of idle time, actual waste, duplication of tasks or long queues or delays in deliveries.
Pareto analysis	<ul style="list-style-type: none"> This is a statistical analysis tool to determine the 20% of the causes which are responsible for 80% of the “problems”. The process identifies the vital few and the useful many factors which collectively contribute to the problem or situation. 	<ul style="list-style-type: none"> Used specifically when confronted with limited resources and a need to determine where the resources would make the biggest impact.
Fault tree analysis	<ul style="list-style-type: none"> This helps to identify the linkages between different issues by linking them in a hierarchical way to a specific problem or challenge. It is used to link issues which contribute to an organisational problem, and to help to identify the underlying or root causes. 	<ul style="list-style-type: none"> An alternative to the root cause analysis which indicates the causal relationship between variables (not recommended when using the root cause analysis).

7.5.3 HOW TO EXECUTE STEP 4

Step 4.1 Collect data

Collecting data might seem an easy task, but more often than not, the data are not readily available. It is therefore important that you use the appropriate data collection tools to ensure that you collect data that are reliable and accurate and do so in the most cost-effective manner.

Data	Examples of things you can use
Qualitative data	<ul style="list-style-type: none"> Brainstorming. Focus groups. Interviews. Structured interviews. Diagnostic models.
Quantitative data	<ul style="list-style-type: none"> Financial statements. Fault reports. System reports. Number of complaints.

Ensure that you know how to collect the data and the process you need to follow. If you did a gap analysis on the current performance, some of the data have already been collected and you might want to expand on the information you have.

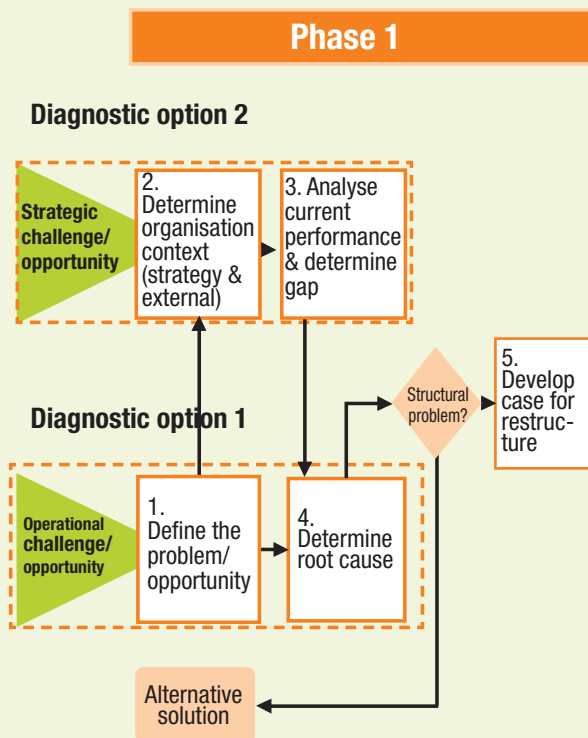
Before consolidating the data you need to understand which tool would be used to analyse the information:

If	Then
You use the root cause analysis tool for analysis	You can do the collection and analysis during the same brainstorming or focus group session
You need to use a cost of poor service quality tool	You need to collect specific data which should be as accurate as possible and should be consolidated into the different categories of the tool.

Step 4.2 Analyse and determine root cause

To analyse and determine the root cause there are a number of tools available which are broadly divided into two categories: statistical (quantitative) tools and qualitative tools. The tool you want to use must be suitable for the type of data you have at your disposal. Some tools can be used for both types of data, for example SWOT analysis, fault tree, and 7 S. Others, for example cost of poor service delivery and Pareto analysis, require accurate quantitative data to justify their usage.

7.6 DECISION POINT 1: IS IT A STRUCTURAL PROBLEM?



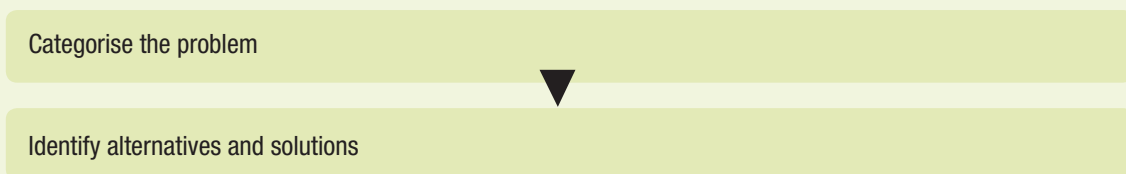
Purpose

To ensure that the correct solution is applied to the problem, or to avoid restructuring the organisation when alternative solutions are available

Objectives

- Review the problem and determine the relevance of an adjusted organisational structure as a solution.
- Review alternative solutions to ensure that structuring is only done if required.

7.6.1 PROCESS FOR DECISION POINT 1



7.6.2 TOOLS FOR DECISION POINT 1

Tools	Highly recommended	Recommended	Nice to have
Problem/solution matrix	X		
Alternatives selection table	X		

Tool	Explanation	When to use it
Problem/solution matrix	<ul style="list-style-type: none"> The tool assists the practitioner in determining whether the problem is a structure-related problem, or could potentially be solved through an alternative intervention. 	<ul style="list-style-type: none"> Should be a standard framework to consider when deciding to restructure or not.
Alternatives selection table	<ul style="list-style-type: none"> The tool assists in identifying different solutions to address the strategic requirement or problem. Adjusting or developing a formal organisational restructure is one of the options to consider. 	<ul style="list-style-type: none"> Reality check to support the solution selection matrix.

7.6.3 WHAT TO DO AT DECISION POINT 1

Categorise the problem

To categorise the problem we need to keep in mind that not all root causes of problems can be solved by restructuring interventions. There are numerous examples of restructuring which did not address the root cause or were inappropriate for the type of problem:

- Improved service delivery is often cited as the main reason for “restructuring”. However, there is little evidence that other service delivery improvement measures (such as alternative service delivery models/mechanisms and business process re-engineering) have been considered before embarking on “restructuring” exercises.
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- “Restructuring” is commonly perceived as the cure for non-performance and other organisational ailments, with little if any consideration of proper organisational diagnosis and evidence-based interventions.

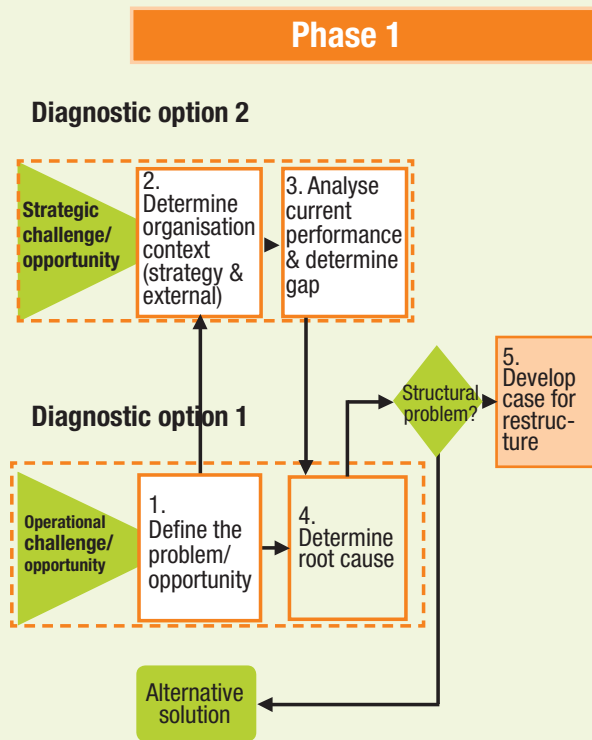
Use the problem categorisation tool to determine whether the root cause can be solved by reviewing or adjusting the organisational structure, or whether an alternative solution should be used. (Review the Problem/solution matrix tool as indicated for decision point 1 in Section 3 of this document).

Identify alternatives and solution

The identification of alternatives is important to avoid an unnecessary restructuring exercise. The different types of alternative interventions in the *Alternatives selection table* will assist you in identifying and therefore justifying the appropriate option to address the root cause or problem statement.

If the root cause(s) of the problem can be addressed through restructuring, proceed to step 5 to develop the case for restructuring. If the root cause(s) cannot be addressed through restructuring, you should inform and advise the decision makers or project sponsor about the need to pursue alternatives to restructuring.

7.7 STEP 5: DEVELOP CASE FOR RESTRUCTURING



Purpose

To consolidate the information collected (on the problem, its causes, the future requirements and the gap) into a case for restructuring as the most appropriate intervention. This includes the success indicators for a new structure and the design principles which need to be incorporated into the new structure.

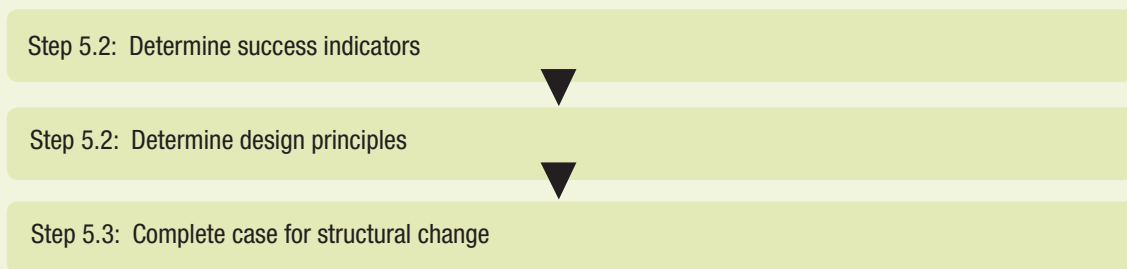
Objective

Provide a consolidated overview of why restructuring is the most appropriate intervention and what the requirements are for the new structure.

Possible approaches

- Use a design team to assist in defining the success indicators and design principles.
- Develop the indicators and design principles and consult with others.

7.7.1 PROCESS FOR STEP 5



7.7.2 TOOLS FOR STEP 5

Tools	Highly recommended	Recommended	Nice to have
Success indicator identification	X		
Structure questionnaire	X		
Design principles	X		

Tools for developing the case for restructuring		
Tools	Explanation	When to use it
Success indicator identification	<ul style="list-style-type: none"> Assists in defining the success for the initiative. The tool identifies the success indicator and the medium for information collection. 	<ul style="list-style-type: none"> Should be used without exception with any change or adjustment to organisational structures. This tool is applicable when restructuring an entire organisation, or a component of the organisation.
Structure questionnaire	<ul style="list-style-type: none"> A set of structured questions to assist with the integration of the diagnostic information collected. It also provides the guiding questions for formulating a case for change or high-level business case. 	<ul style="list-style-type: none"> This tool can be used for all types of restructuring and should be considered when formulating any case for change or high-level business case.
Design principles	<ul style="list-style-type: none"> A list of design principles derived from information on: <ul style="list-style-type: none"> The service recipient requirement analysis (which could be obtained from the value driver analysis or the service recipient requirements analysis). The external requirements analysis (which is obtained from the risk, external requirements). The dependency analysis (which is obtained from the impact analysis or the dependency analysis). The process requirements analysis (which is obtained from the analysis of business processes). 	<ul style="list-style-type: none"> This is the most frequently used type of tool for restructuring.

7.7.3 HOW TO EXECUTE STEP 5

Step 5.1 Determine success indicators

In order to implement a new structure successfully, we need to understand what would be the indicators of success, in other words, we need to start with the end in mind.

Success indicators must be clear statements of what the organisation would be like or how people will interact or how the service quality will be improved once the new structure is in place. This forms the basis for the monitoring and evaluation process after the implementation.

You can use the Success indicator tool to assist you with this exercise. Section 3 of the Guide (page 16-32) gives examples of indicators derived through using the Success indicator tool.

There are other important issues which you also need to consider in defining the success indicators, for example government policy direction, new government-wide initiatives, and interaction with other government departments and organs of state.

Step 5.2 Determine design principles

The organisational design principles need to support the success indicators, and should therefore be developed with the success indicators in mind.

The design principles provide direction to the design process and ultimately serve as a reality check on whether or not the process was a sound one.

You can use the Design principles tool on page 16-34 in Section 3 of the Guide. This tool can be customised to align with the success indicators.

It is important to note that the design principles provided are interrelated and should not be applied in a mutually exclusive manner. The principles are indeed mutually reinforcing and must therefore be applied holistically to achieve the intended impact.

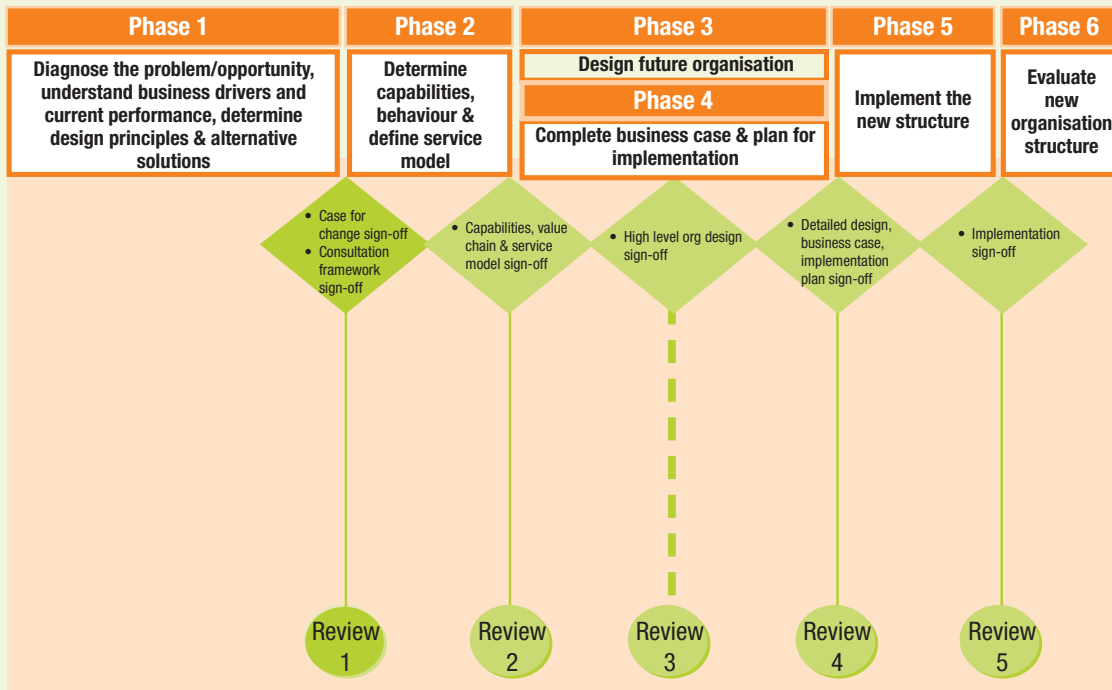
Step 5.3 Complete case for structural change

The case for structural change is basically the consolidation of all the information collected which indicates a need for structural intervention. The typical questions to address, apart from the design principles and success indicators, are as follows:

- How is your organisation, division, or unit structured currently? (Draw a chart.)
- What are the strengths and limitations of this structure? (It might be useful to ask both internal and external stakeholders.)
- How does your current structure serve or fail to serve the needs of your service recipients?
- How are your business processes helped or hindered by your current structure? (Think about coordination needs – for example, which steps in each business process are highly interdependent?)
- How do employees feel about the current structure?
- Would a different structure improve morale, productivity, or opportunities for creativity?
- How might a different structure eliminate or improve weaknesses in the current one?

The case for change document should provide clear answers to the above questions to arrive at a well-informed decision on whether or not to proceed with restructuring.

7.8 REVIEW POINT 1: CASE FOR CHANGE



7.8.1 GUIDE FOR REVIEW POINT 1

Area for review	Specific focus	Accepted, rejected or adjusted
Project management	• Is there a problem statement or terms of reference for the initiative?	
	• Is a project team required and has it been established?	
	• Is a steering committee required and fully functional?	
	• Do we need external service providers and has the process of selection been initiated?	
	• Do we have the budget for the next two phases of the project?	
	• Do we have the schedule for the next two phases?	
	• Are there any project issues outstanding?	
Case for change	• Is the case for restructuring sound and based on thorough analysis of alternative options?	
	• Are the design principles aligned with future organisational requirements?	
	• Do we have a clear understanding of success indicators for the structure to achieve the future requirements?	
	• Do we understand the root cause of the problem or organisational performance challenges?	
Change management	• Are there a communication plan and consultation framework for the change?	
	• Does the structural change have a clear vision?	
	• Does a consultation framework exist for the rest of the project?	
	• Are all stakeholders informed of the pending structural change?	