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 9

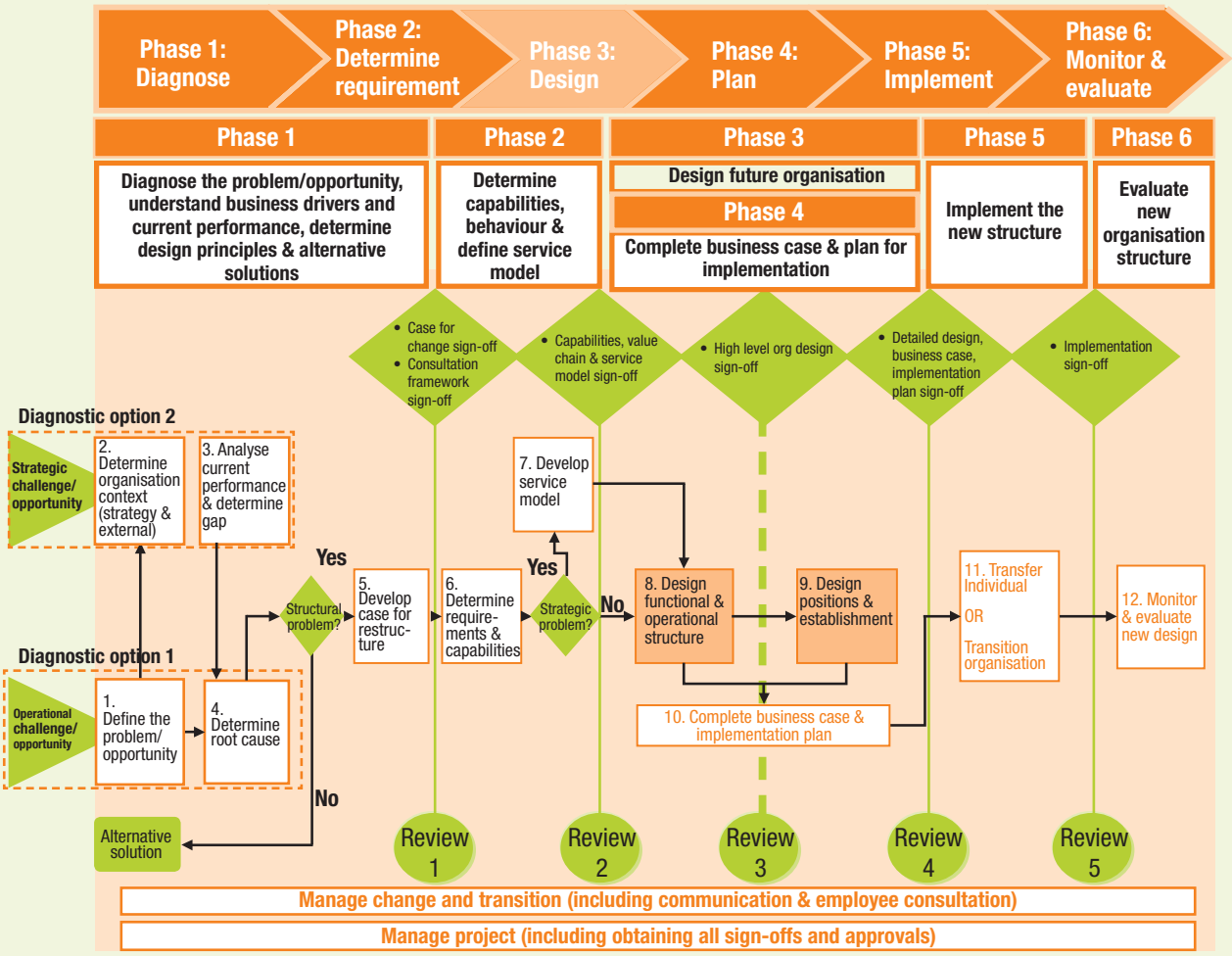
PHASE 3:

DESIGNING THE STRUCTURE

CHAPTER 9

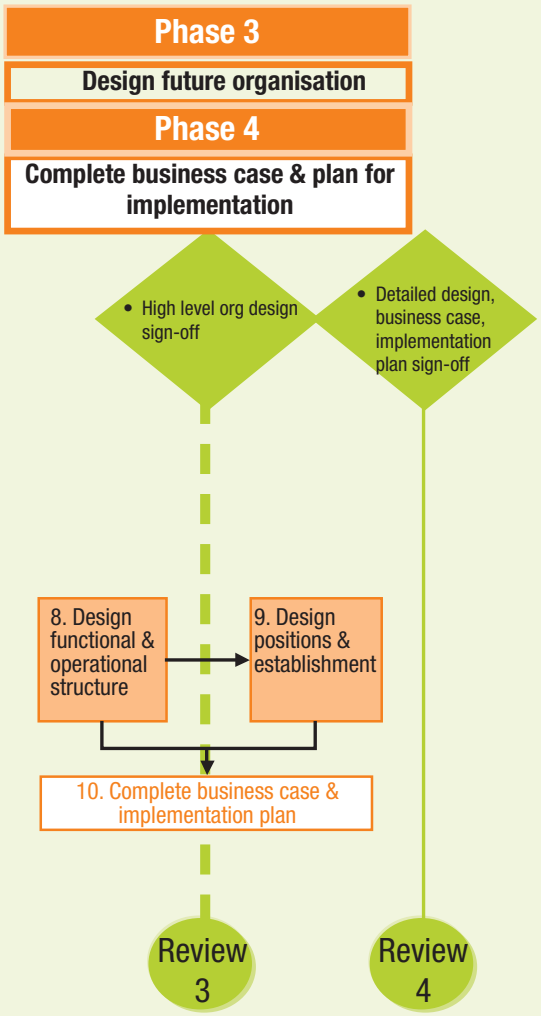
9. PHASE 3: DESIGN FUTURE ORGANISATION

9.1 OVERVIEW OF PHASE 3



Phase 3 consists of the following:

- Steps 8 and 9.
- Review point 3.



Purpose

Take the service model and use it to develop the top tiers of the future organisational structure, including:

- Management structure and high-level team structures.
- Very high-level role summaries for top-tier roles (using the capabilities).
- Team-level performance measures.

Objective

To develop an organisational architecture which will enable the organisation to be successful in the future and which will be aligned with the success indicators, design principles, capability requirements and the service model.

Approach

Highly interactive and iterative process, often involving development of alternative structure options and review against design principles.

Organisational design is an equation with three inputs:

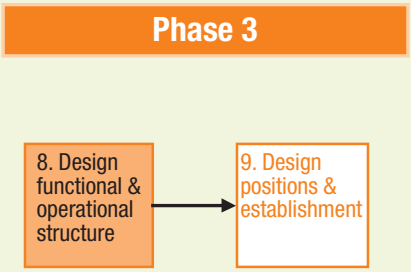
Design drivers	+	Implications	+	Requirements	=	Design options
The strategic factors that steer the new organisation design to achieve the organisation's vision.		The way in which the organisation, processes, and technology must change in response to the drivers		The way in which the drivers are specifically incorporated into the design model.		

An organisation's design should be developed in the context of what the organisation is trying to achieve and the environment in which the organisation operates. Design an organisation that will be able to deliver value to its service recipients. This will be done through the development of a high-level organisational design, including roles, skills and culture profile. Current challenges in the operating environment have serious implications for today's public sector organisations. These include the following:

- Changes in the demographics of service recipients.
- Increasing rate of urbanisation, internal migration placing stress on services in urban areas.
- Changes in needs and demands of citizens and users of public services.
- Service speed becoming key.
- Service recipients becoming increasingly aware of their rights.
- Service recipients becoming less tolerant of poor service.
- Rapid strategy shifts.
- The need to use outside service providers to help deliver the service becoming an option, needing increased attention and management energy.
- National, government and departmental rate of change.
- Flatter structures that require a free flow of information from the organisation to the public.
- Decreasing certainty of outcomes.

Tools for designing organisational architecture	Tools for designing positions
• Structure gap map • Structure selection matrix • Governance structure requirements matrix • Benchmarking • Behaviour/structure analysis framework • Culture Print • Organisational charts • Structure assessment questions tool	• Staffing norms table • Full-time equivalent calculation • Single-column process chart • Management span of control: diagnostic grid • Group size effect chart • Job description templates • Position impact analysis • RACI analysis • Work synthesis • Work process analysis

9.2 STEP 8: DESIGN HIGH-LEVEL ORGANISATIONAL STRUCTURE



Purpose
To design the high-level organisational architecture and operational structure (subdivisions and units) for the future organisation.

Objective
Take the operating model and use it to develop the top tiers of the future organisational structure, including:

- Management structure and high-level team structures.
- Very high-level role summaries for top-tier roles (using the capabilities).
- Team-level performance measures.

Approach
Highly interactive and iterative process, often involving development of alternative structural options and review against design principles.

9.2.1 PROCESS FOR STEP 8

Step 8.1: Determine core organisation architecture

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Step 8.2: Select core structure

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Step 8.3: Determine non-core architecture

▼

Step 8.4: Consider alternative service delivery forms

▼

Step 8.5: Identify governance sructures

9.2.2 TOOLS FOR STEP 8

Tools	Highly recommended	Recommended	Nice to have
Structure gap map	X		
Structure selection matrix	X		
Governance structure requirements matrix	X		
Benchmarking			X
Behaviour/structure analysis matrix	X		
Culture Print		X	
Organisational charts	X		
Structure assessment questions	X		

Tool	Explanation	When to use it
Structure gap map	A tool to determine the gap between the current structure and the design principles.	Should be considered to be a standard tool.
Structure selection matrix	The structure selection matrix provides various structure options with the specific rationale for each structural type.	Applicable to every instance of structuring.
Governance structure requirements matrix	A table indicating the different types of governance structures and providing opportunity to consider the need and the potential benefit of such a governance structure.	This should be used as part of any restructuring exercise.
Benchmarking	A comparison of processes in a different context as a basis for the design of a series of interventions.	Useful tool and could be used to obtain information on organisational structures in similar organisations/departments/teams. (See step 3 tools for further explanations.)
Behaviour/ structure analysis matrix	The behaviour/structure analysis includes the review of behaviour requirements and the current ways in which it is encouraged or discouraged.	In cases where one of the reasons for the structural change has to do with a change in behaviour of employees. (See step 6 for further explanations.)
Culture Print	A culture assessment tool which is not described in the Guide. Any culture analysis would be useful as a tool, but the majority are proprietary intellectual property.	In cases where the organisational culture is not adequate to support the performance requirements and the structure needs to enable a more appropriate culture.
High-level organogram	A tool to map high-level structures in pictorial format with descriptions of each function or team in the organisation in terms of purpose and processes to be executed by the function/team.	A standard tool to be used with every restructuring.
Structure assessment questions	A structure questionnaire to review the current organisational structure against four requirements for effective structures: Levels of hierarchy, span of control, decision making and coordination.	Suggested use for every restructuring exercise.

9.2.3 HOW TO EXECUTE STEP 8

Step 8.1 Determine core organisational architecture

The fundamental principle in designing the high-level organisational architecture is to ensure that all the core organisational processes and support processes (which have been mapped and defined in the requirements phase and included in the service model) are adequately supported by the organisational structure.

You will need to review the core processes to determine the core business architecture. Core processes are those that are directly related to the functional mandate of the organisation, for example road safety, policing, health services, education and housing. The review of the core processes can be done by using process mapping or quick structured maps in order to achieve four things:

• Firstly	• To review the core business processes as mapped out during step 6. Be sure you have identified and distinguished between the different core processes, for example create policy; ensure compliance; license (these are the examples from the service design model).
• Secondly	• To determine logical points within the core process where a division of duties can be made, once the core processes have been identified. For example, licensing can be split into: receive application, process application, issue licence. The different processes can be executed by the same team or even the same person.
• Thirdly	• To define each of the subprocesses and to identify and define the key skills, knowledge areas, competencies and attributes required to execute each procedure in the subprocesses. • The normal process architecture is 1. value chain/major operating process, 2. subprocess, 3. procedure. Using the service design model example, this can be applied as follows: licensing (process), process application (subprocess) and verify information (procedure).
• Fourthly	• To identify and define the critical measure of success for each of the processes by determining key output measures (how will we know if the product or service we provide is of high quality?), process measures (how will we know if we are doing the right things?), the input measures (what do we need from external parties to make our process work?)

Examples of critical success measures

Types of measures	Measure	Target
Output measures	Number of licences approved	10 per day
Process measures	Turnaround time	Six days from application to approval
Input measures	Number of electronic applications	At least 30% of applications processed electronically

Step 8.2 Select core structure

The next step is to define the overall structure which will form the basis of the organisational functioning in the future. The question is "What does a successful structure look like?"

An organisation chooses a structure that best executes its business strategy. For the purpose of this Guide and in line with current best practice we will split the structure into two types, namely basic structures and advanced structures.

We will identify the following for each structure:

- Name of each structure.
- Rationale of implementing such a structure.
- Implementation application.
- Each specific structure's advantages and disadvantages.

Examples of basic structures	Examples of advanced structures
• Functional structure. • Product/service line structure. • Service recipient based structure. • Geographical structure.	• Matrix structure. • Process structure. • Simple structures (specialist, self-managed). • Network structure.
Derivatives of basic structures	**Derivatives of advanced structures**
• Divisional structures. • Business unit structures. • Federated/decentralised vs. centralised structures. • Shared services. • Product/service line/citizen.	• Process matrix (matrix and process structure derivative). • Project matrix (matrix structure derivative). • Multidisciplinary team based structure (process structure derivative). • Hybrid structure.

Review the various structures and select the most appropriate structure by using the Structure selection matrix tool provided on page 18-3 in the Guide.

Note: The reason why we have done so much diagnostic work, identified the success criteria and design principles, identified the capabilities and developed a service model is to empower practitioners and managers to make informed decisions about the most appropriate future structure. But because the decisions we have made up to this point are both objective and subjective, it is quite possible for more than one approach to be appropriate and workable.

Step 8.3 Determine non-core architecture

Non-core processes refer to the support or enabling processes of the organisation. Unlike the core processes, the non-core processes do not have lives of their own – their existence is aimed at sustaining the core processes.

The following issues must now be considered:

• What types of staff support services are required (for example human resources, financial and supply chain management)?
• What types of enabling services are required (for example, research and development, knowledge management and strategic planning facilitation)?
• How should support and enabling services be provided? In-house, outsourced or combination?
• How do the support and enabling processes interface with the core processes, for example shared services, per core process/main function or any combination that will ensure both responsiveness and cost-effectiveness?

Follow the same process as the one described in step 8.2 to select the most appropriate structure for the support services in the organisation.

Note: Complete the organogram of the new structure by indicating all the organisational units (core and non-core), indicating the purpose of each of the components, the key processes each will be responsible for and the key measures/success indicators.

Step 8.4 Consider alternative service delivery forms

One of the key elements of an organisational structure is that organisations need not perform all their functions themselves or in-house. You might want to make use of alternative delivery solutions to provide a more effective and cost-effective service to citizens/service users.

Examples of alternative service delivery forms include:

- Outsourcing.
- In-sourcing.
- Public-private partnerships.
- Shared services.
- One-stop service centres.
- Multipurpose community centres.

Step 8.5 Identify required governance structures

Once you have defined the formal structure of the organisation, you will still need to define the governance structure. The governance structure lays down the institutional 'rules of the game' and guides the behaviour of people in the organisation. It includes all the policies, the standard operating procedures and those structures that do not appear on the organogram. The governance structure is the glue that makes possible the flow of information, decision making, risk management, innovation and learning. All these are necessary to ensure the sustainability of the organisation.

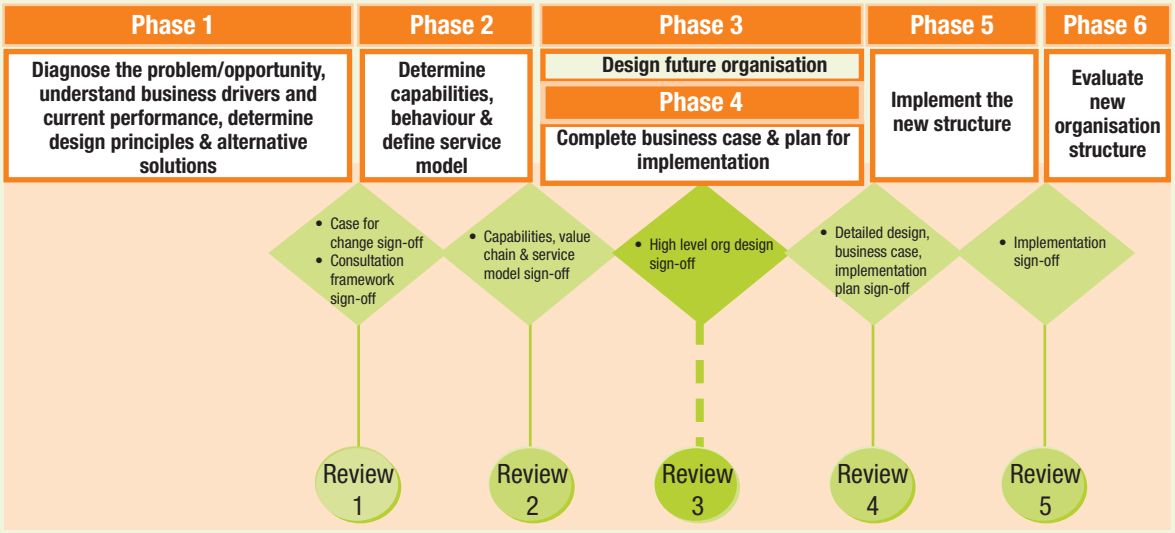
Examples of governance structures

- Executive Management Committee (EXCO).
- Policy committee.
- Fraud prevention support desk.
- Workplace forum.
- Audit committee.

Use the governance structure selection tool as described on page 18-11 in Section 3 of the Guide to select the important governance structures based on the following:

- The formal structure and its challenges.
- The behaviour required from employees (for example if employees need to start focusing on continuous improvement, a structure of process ownership or daily process measurement meetings might be considered).
- The success indicators and requirements (for example if the requirements are for quick decision making and multiskilling, there needs to be a governance structure to monitor decision making and encourage/enable multiskilling).

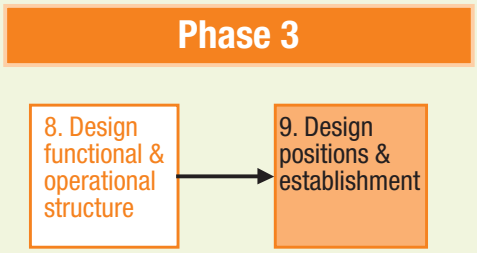
9.3 REVIEW POINT 3: REVIEW ORGANISATIONAL ARCHITECTURE



Before moving to step 9 to complete the detailed structure, it is useful to review and obtain sign-off of the high-level design you have developed thus far. This is to ensure that the high-level design is aligned with the organisation's requirements and the expectations of the decision makers.

Area for review	Specific focus	Accepted, rejected or adjusted
Project management	• Have project risks been identified and planned for?	
	• Has a high-level implementation plan been prepared?	
	• 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?	
Change management	• Is there a communication plan for the change?	
	• Does the structural change have a clear vision?	
	• Has an impact analysis been done and planned for?	
	• Has a change readiness assessment been conducted?	
	• Has the high-level implementation plan been prepared?	
	• Have all stakeholders been informed of the pending structural adjustment?	
Formal structure	• Has an appropriate structure been selected based on detailed process maps?	
	• Has an organogram been completed with the purpose and processes of each organisational component?	
	• Have the key performance indicators of each organisational component been identified?	
	• Has the operational structure been defined?	
	• Are there any alternative service delivery options to consider?	
Governance structure	• Have governance structures been defined?	

9.4 STEP 9: DESIGN POSITIONS AND ESTABLISHMENT



Purpose

Once the high-level organisational design is completed we complete the detailed design, including:

- Finalising number of roles required and finalising all reporting lines.
- Finalising role titles.
- Developing individual performance measures.
- Developing role profiles or job descriptions, using standard templates.
- Validating all outputs with project sponsors and HR department.

Objective

To determine the number of positions based on a well-researched structure and using recognised techniques and tools.

Approach

Very systematic and inclusive, making use of the subject experts and focus groups to assist with the job descriptions.

9.4.1 PROCESS FOR STEP 9

Step 9.1: Determine layers of work

▼

Step 9.2: Design work roles and levels of work

▼

Step 9.3: Determine unity and span of control

▼

Step 9.4: Consider other variables

▼

Step 9.5: Compile role or job descriptions

▼

Step 9.6: Determine the establishment

9.4.2 TOOLS FOR STEP 9

Tools	Highly recommended	Recommended	Nice to have
Staffing norms table	X		
Full-time equivalent calculation	X		
Single-column process chart		X	
Management span of control: diagnostic grid		X	
Position dependency map	X		
Group size effect chart		X	
Job description templates	X		
Position impact analysis	X		
RACI analysis		X	
Work synthesis	X		
Work process analysis	X		
Detailed process maps		X	

Tools	Description
Staffing norms table	• Staffing norms are the standards which are calculated based on the specific quality, quantity and risk requirements of a specific job or task.
Full-time equivalent calculation	• To determine the standard for the effort of an average person for a calendar year, in other words how much can one person achieve in one year.
Single-column process chart	• Identifies all activities performed in a specific job, and categorises these in terms of operation, transport, inspection, delay and storage. • Each activity is then quantified to determine the time spent on each and to determine how many of which category of tasks are actually required. Distance and volume are also recorded. • This serves as an analysis tool to eliminate delays, group inspection and operational tasks and streamline storage activities.
Management span of control: diagnostic grid	• A tool which reviews the typical managerial requirements in terms of remote management, planning and coordination, technical work complexity, extent of evaluation responsibilities and the transformation/change frequency. • The complexity of the managerial requirements is then translated into a span of control grid which provides an indication of the general span of control a manager could realistically manage.
Position dependency map	• A tool to determine and map the interdependencies for positions, processes and functions.
RACI analysis	• Determining the responsibility of positions in the same process.
Group size effect chart	• The group size grid reviews the team requirements in terms of nine dimensions of teamwork, namely problem solving, speed, participation, cohesion, consensus, flexibility, individual productivity, group productivity and overall management.
Work synthesis	• A tool to determine which managerial position is dependent on which others for action.
Job description templates	• A standard template to capture the content of a specific job or role
Work process analysis	• A tool to review the current practices within a specific job or job family and identify potential improvements.
Detailed process maps	• The mapping of support processes and procedures down to actual activities and finger movements, if required, based on the process architecture which was developed as part of the organisational architecture design.

9.4.3 HOW TO EXECUTE STEP 9

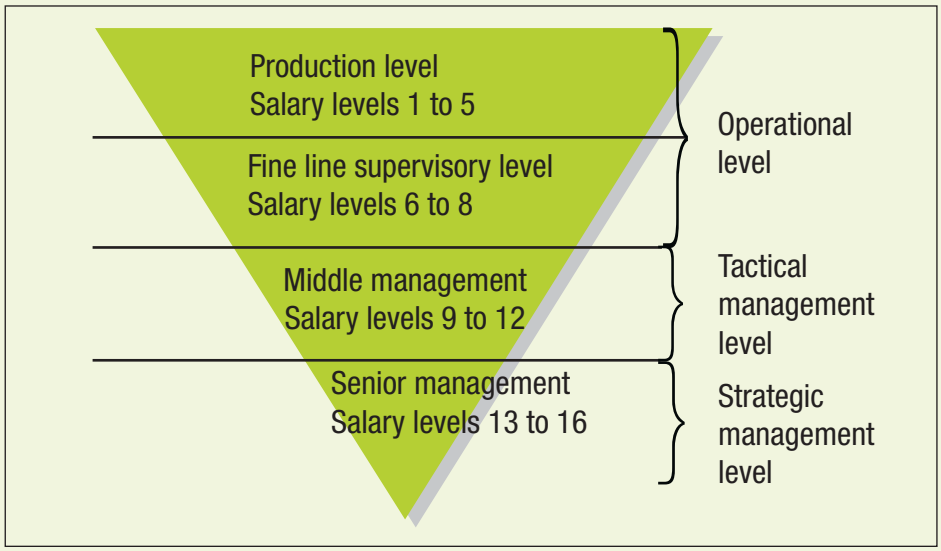
Step 9.1 Determine layers of work

This has to do with the various work levels in the organisation. The focus here is to translate the levels in the hierarchy of the organisation (or its subunits) into levels of work. The following issues are of particular importance in this regard:

- Determining the required work roles and levels of work.
- Using the principles of unity and span of control.
- Balancing the accountability, responsibility and decision making load across the various levels of work. This links strongly to the governance structures and whether one of the success indicators or design principles has been to centralise or decentralise the organisation.

Step 9.2 Design work roles and levels of work

A typical hierarchy for a large service delivery organisation within the public service could look something like this:



The main aim is to determine which work roles are required as a minimum for the effective and efficient execution of a particular operational process or function. In order to achieve this:

- Ensure that each level represents a specific, unique work role, and that each work role adds value to the overall service delivery value chain.
- Ensure that you have detailed mapped processes to procedural level.
- Perform an FTE calculation on the process to get an idea of how many positions will be required.

The current remuneration structure of the public service provides for 16 salary levels. This does not mean that all public service organisations should have 16 levels in the organisation hierarchy. Also, the fact that salary levels 13 to 16 represent the senior management level, does not necessarily mean that the organisation must have all levels of senior management in its hierarchy.

Note: Salary levels or job grading should not be a consideration at this stage. The focus should be on the minimum work roles and work levels that a particular process (subprocesses and procedures) will require to be fully executed. Use the tools on FTE calculation and tasks analysis to provide guidance in determining minimum requirements.

Step 9.3 Determine unity and span of control

Unity of control refers to the principle that one employee should, under normal operational circumstances, not report to more than one supervisor. A number of issues, such as lines of communication, responsibility and accountability, may arise in practice if this matter is not dealt with adequately.

Span of control refers to the number of employees that a supervisor can effectively supervise. The optimum ratio must be determined based on the particular circumstances of the organisation and the services it renders. For example, the higher the degree of functional specialisation, the lower the need for ongoing operational supervision, the wider the span of control, and thus the fewer levels required.

Step 9.4 Consider other variables

Other considerations for the design of roles or jobs are:

- Centralisation or decentralisation (how much decision making and autonomy do we allow?)
- Optimal group/team size.
- Matrix structure responsibilities and governance (who is responsible for managing performance?)
- Process ownership (is it a formal job or a role?)
- Multiskilling (do we design positions for multiskilling or rotate individuals between jobs?)
- Narrow or broad job design (do we create wide job descriptions, which creates the opportunity to be flexible, or narrow descriptions, which would limit flexibility?)

Step 9.5 Compile role or job descriptions

Complete the role or job descriptions for the various positions according to the standard template. Ensure clear indications of the following:

- Job title.
- Purpose.
- Key objectives/goals.
- Key result areas.
- Key performance indicators.
- Tasks or activities.
- Line authority (up and down).
- Decision making power.
- Knowledge, skills, competencies and attributes.

Step 9.6 Determine the establishment

Determine number of posts required

It is essential to use a sound methodology to determine the number of posts in a unit, particularly those at lower levels in the organisation. There are a number of valid techniques available, for example time-motion study, standard norms for work or movement, work measurement (single column or work synthesis) and establishment norms.

If you are not able to apply any technique, the "conservative organic growth method" should be used. This suggests a bare minimum number of posts initially with additional posts created over time.

Job evaluation

The Public Service Regulations require that all newly created jobs should be subjected to a formal job evaluation process. This is to ensure that work of equal value is remunerated equally and to achieve a cost-effective work organisation. The MPSA has directed that the EQUATE Job Evaluation System be used for this purpose.