

Organisational Re-design high on the Agenda to beat the Recession

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In this week leading up to Christmas we hear so much about companies lining up to go to the wall, that I wonder whether the 'high end retailers' on Edinburgh's Princes street will become derelict and be replaced by numerous charity shops

On the 22 December we heard that that at least fifteen, and as many as thirty, of the UK's major retailers are at major risk of going out of business in the New Year. Whether or not it is true or not for these big high street names I don't know but they will not be the last.

We will see a flow of SME's hit the wall if they cannot borrow the necessary funds to service their customers and their staff in the New Year.

Cash is often not the answer because what lies beneath the problem of poor revenue streams is a major fundamental business problem. Providing finance for the short term will provide only a temporary reprieve.

Death on the High Street in How we Transact Business

What is required is a transformation in how the company organises itself for how it does business in the future. Traditional business models have outlived their usefulness. Lots of levels of management and organisation through functional specialism are no longer fast and agile enough to appeal to the millennial customer – who demands uniqueness and authenticity, right now.

Markets, Tastes and Habits Change

Lots of things change but it appears the traditional form of organising does not. And with this is the failure to adapt to change.

Corporate Recovery: Vision Drives All Business Growth

If an organisation fails to have a strong Vision of what they are to become, do and have in terms of a tangible business identity, then all the strategic planning in the world will not create a recovery plan that will work.

Structure follows Strategy

As the recession bites, more companies are close to going bust simply because of cash flow. The banks will support many businesses until the turn of the year when VAT supplier's bills and salaries have to be paid. Whether the support is forthcoming after the New Year is in severe doubt.

To remedy the situation, turnaround and corporate finance specialists can often support the management team by providing a rescue package, but this is only a partial solution.

What is needed is a focused business plan with organisational capabilities designed to deliver that plan.

Business Thrust requiring Focus

Not enough businesses create a strong and sustainable thrust into the market place. They 'forget' that without ongoing sales growth, repeat and loyal purchasing of their goods and services they would have no business at all.

What is critical is ensuring that the organisation is designed specifically to service existing customers, and promote sufficiently the growth of new customers who commit with life time loyalty as advocates to the organisation.

Every Business needs a Sales Culture

Fundamentally, most organisations need to have a sales culture. Organisations need to be designed to be strictly customer facing, geared totally to delighting the customer and winning loyalty and with that sales and profitable growth.

Design of a Sales Culture

Still, in 2008, organisations are designed around traditional functional responsibilities resulting in poor integration between specialist silos. Organisations that will survive beyond 2009 will have to think seriously about organisational design and engineer their business around two key processes: winning new business and servicing the customer cost effectively.

Organisation Design around the Customer

This requires an in-depth understanding of the customer and the motivations and emotions that drive the customer to you. If the customer makes purchasing decisions with you only because you are the lowest cost supplier, you are in deep trouble.

Process design around Customer Needs & Wants

You have to satisfy as many of the emotional needs of the customer as you can if you hope to win their life time value. All processes have to be designed with this end in mind.

Processes designed around Transactions

In too many organisations, the processes and the organisational structure is designed around the business doing business with itself! In these organisations the majority of staff never meet or actively transact with the customer - they are too busy servicing administrative functions.

Customer-Facing Organisational Design

Organisational redesign is about making as many staff as possible become customer facing, and proactively anticipating and delivering to their needs. Those who currently don't interact positively add value, and face the customer, need to support those who do.

Organisational Re-Design Issues & Principles

- Really do understand your raison d'être – ask, why do we exist as a corporate being – and what do we deliver and to whom?
- Do we have a focused business plan geared to delivering your strategy?
- Are processes optimal in delivering to the customers wants and needs?
- Do we have a sales culture that supports the customer and retains and grows high potential people at the same time dealing with performance management issues?
- How advanced are you in creating a seamless matrix structure and culture which anticipates and enables you to react swiftly to threats and opportunities in your marketplace?
- How confident are you that you can sustain and maintain this culture through your change management strategy.
- Do you have the right leaders in place to deliver this vision contained within these questions?

Organisational Redesign

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