CHAIN REACTIONS
INNOVATION BRIEF

Optimal Company Organization By Using Digital Tools   01.2021

ABOUT INNOVATION BRIEFS

CHAIN REACTIONS addresses the challenge for industrial regions to increase regional capacity to absorb new knowledge and turn it into competitiveness edge and business value. There is a strong need to help SMEs to overcome capacity shortages for innovation and integration into transnational value chains. The project aims at empowering regional ecosystems with the knowledge and tools to help businesses overcome those barriers and generate sustained growth through value chain innovation.

CHAIN REACTIONS regularly publishes INNOVATION BRIEFS presenting the rationale behind specific innovation drivers and illustrate them with practical examples. The present Innovation brief addresses the use of digital tools for a better company organization. CHAIN REACTIONS thanks hereby the author, Mr. Thomas Wolter-Roessler, for this contribution to the project's objectives.

Optimal Company Organization By Using Digital Tools

Introduction

The way a company organizes its processes and services still is a decisive factor for its future success. Trends such as digital transformation, new work and changes in customer and labor markets are significantly changing the demands placed on companies.

A successful combination of modern management approaches, stringent organization and the efficient use of digital tools ensures the company's success on a broad basis.

Starting Point

"We moved 5,000 employees into remote work overnight - and by Monday afternoon, the whole corporation was working again as if nothing had happened." Many companies had such or similar experiences at the beginning of the Corona crisis, when a comprehensive and far-reaching change in the way they worked became necessary – out of the blue and in a very short time.

It is astonishing when you consider that in this very company (a medium-sized market leader in mechanical engineering) employees had been complaining for years that the organization was not succeeding in making important changes. Obvious inefficiencies, sources of error, lack of implementation competence, and countless ambiguities about the organization's goals, setup, structure, and functioning were visible and known; there was even widespread agreement about them.

Interestingly, the majority of managers and staff also agreed on the measures and solutions to the weaknesses; which measures would be important, what a better organization would look like and how tasks and responsibilities would be better distributed, everything was clear and well known. However: The change did not occur, there was a lack of courage, decisions and active participants.

The situation exemplified above can be found in many companies. As varied and individual as the reasons for this may be, it always involves the following three main fields of action:

- Goals & Leadership
- Communication & Qualification
- Organization & Structures

The almost smooth transition from the familiar office to comprehensive remote work operation described in the example was only possible because the company was already comparatively well positioned in the three main fields of action:

- Goals were known, transparent and agreed upon. Leadership was so well established that it could also be effective from a distance.

- The communication practiced in the company was characterized by shared values, professional standards and the necessary openness. It invited exchange and connected people and their ideas.

- The organization and structures enabled all members of the organization in making the right decisions to achieving their goals. They created access to needed resources and provided the right tools for delivery.

So the pandemic was just the trigger to realize an almost frighteningly successful and comprehensive change.

How can companies position themselves and strengthen their self-efficacy in such a way that they can successfully implement identified needs for change even without the external threat of a virus? And what role does digitization play in this? In the following, you will find practical approaches and helpful tools.

Goals And Leadership

Even very successful companies show great potential for improvement in their leadership:

Managers are too involved in operations, leaving too little time for real leadership work. This leads not only to wrong decisions by employees and under- or overproduction. It also leads to managers having no capacity for strategic issues and employees being frustrated because they "want to but are not allowed to. "[1]

Corporate goals are not systematically structured, aligned and broken down to task level.

What's more, they are not communicated enough, are rarely reflected in dialogue, and are hardly ever agreed upon in a binding manner.

This means that important orientation is missing: employees have difficulty making decisions

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[1] https://bit.ly/2MGqzcq

themselves, and once again the manager becomes the bottleneck.

We also often observe a strong wait-and-see attitude in change projects. But with an attitude like "I'm curious to see how our company will develop," any active contribution is made impossible. Every organization's member should feel that they "are the company to develop".

To improve this, companies need the following:

- A meaningful, well explained and communicated vision for the company. Here we recommend the objectives and key results (OKR) model[2] consistently applied by google, zalando and MyMuesli, among others.

- A goal breakdown structure in which the goals of the areas and levels are visible and also (unavoidable) conflicts are shown and documented with a solution.

- An easily accessible and comprehensible visualization of these goals and the degree to which they have been achieved, e.g. with perdoo3.

Communication And Qualification

Interviews in the context of systemic organizational analyses consistently show that communication and the associated interaction with each other are perceived as the greatest fields of action and opportunities for improvement. "We should talk more to each other, less about each other" and "I have to chase all the info I need for my work," are all too common examples of this.

A lack of process knowledge also makes communication more difficult: If I do not know the tasks of my successor in the process, it will be difficult for me to convey my information to him accurately. Smattering leads to issues not being addressed or being addressed incorrectly.

A lot is communicated, but often not what is relevant, not at the right time and not in the right form. Necessary knowledge is missing in order to communicate correctly.

E-mails are uncontrolled, difficult to persue and track, and often lead to serious misunderstandings. Traditional business channels and communication structures (e.g. weekly jour fixes) are inflexible and slow down the entire process unnecessarily.

Distributed teams and the lack of random communication in coffee kitchens and canteens further reinforce the above trends.

Significant improvements can be achieved by

- the establishment of open, fast and flexible communication channels, as known from Slack[4] and Microsoft Teams[5],

- qualifying all stakeholders about the roles and goals of process predecessors and successors, and establishing firm customer/supplier agreements,

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[2] https://bit.ly/2UtDfre

[3] https://bit.ly/3h6B2ff

[4] https://bit.ly/2BOmTD7

[5] https://bit.ly/3hab6zf

- and the establishment of easy-to-use, effective and pragmatic process tools that not only ensure that work takes care of itself, but also secure communication and can be easily integrated into the existing system landscape via open interfaces, such as Microsoft Power Automate[6].

Organization And Structures

Who is responsible for what, who provides what information to whom and when, who represents whom, how is it ensured that joint decisions are made in the best possible way, how is planning planned, what scenarios exist from routine to firefighting and how does the organization deal with them?

As well-known and proven as simple management methods such as RACI[7] (responsible, accountable, consulting, informative) may be, they often have little effect in companies.

Why is that? It takes more than just an Excel template from a project management training and the idea that "we could create something like that" to achieve the ambitious goal of operational excellence.

What is often lacking in organization and structures are

- the necessary problem awareness,

- the right problem-solution-fit,

- the full application of the methodology, and

- its consequent application through feed-back and active leadership.

Thus, any method such as the description of tasks, competencies and responsibilities (TCR) is only as good as it actually solves the existing problem. Methods are not an end in themselves, they are a tool that remains ineffective if it does not fit the problem. However well intended its application may be.

Many methods also have the purpose of creating clarity - they point out problems and make it clear where things are stuck. This is unpleasant, invalidates excuses and prompts people to leave their comfort zone. And the result is that they are often not applied consistently.

Whoever touches organization and structures also directly interferes with the informal organization, the unspoken and implicit network of relationships between the members of the organization.

None of the internal actors is unbiased in this process; every initiative is in the context of its own role in the company.

External process facilitators are the better drivers here, because they are independent and do not have to defend either the past or the future, apart from their mandate, which is limited in time anyway.

In addition, they are usually equipped with more experience and expertise and not infrequently enjoy a greater hearing than the "prophet in his own country".

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[6] http://bit.ly/35UHSjP

[7] https://bit.ly/2MNCTHC

💡 First, the basic goals of the organization must be formulated, which must be closely related to the goals of the company (see above):

- Which way of working and communicating should be enabled?
- Which structures should be promoted, which should be avoided?
- Which attitude towards people should be represented?

An example is shown in table 1- these are the relevant touchstones for all upcoming decisions, for the selection of organizational tools and for the derivation of further measures such as personnel development programs.

Criteria	Description	Measuring
Robustness and Scalability	Even in the face of rapidly changing requirements (especially from outside), the organization endures and is not bent or circumvented.	Despite even major changes in the size of the company, the main features of the organizational structure remain the same.
Efficiency	The organization leads to an optimal benefit-effort-ratio.	Turnover per employee increases. Increased transparency is a necessary pre-condition.
Speed	The organization favors the quick solution of complex problems in order to meet customers' requirements.	The lead time of complex problems (= tasks with an unknown solution path) decreases. Lead time can be measured in task manager for example.
Excellence	The organization favors the combination of expertise and thus the best possible decisions for customers and the organization itself.	The number of errors, customer complaints and open tasks decreases.
Togetherness	All managers and employees feel comfortable, valued and integrated in the organization.	Both, the results in employees' surveys and the attractiveness as an employer increase, positive mood becomes visible in all members' behavior. Additional values in employer rating platform, e.g. kununu.
Adaptivity	As members of the organization, we recognize the need for action, develop solutions and implement them in a targeted and effective manner.	The company continues to grow successfully without the need for external consultants. The general rule is: first consolidate, then grow.

Measurable criteria for organizations' quality

Variants are now determined for all organizational tools, from the management mission statement to the target agreement to the project management approach, from the onboarding process to the social benefits to the training plan and evaluated on the basis of these touchstones.

This brings transparent systematics to corporate development and puts an end to the blind and actionistic use of new methods for their own sake.

With the digital transformation, many additional options for such tools have emerged: Mural[8] as a shared pinboard, mentimeter[9] for visualization, and Confluence[10] as a knowledge pool are just a few examples.

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[8] https://bit.ly/3dNYYlz
[9] https://bit.ly/2AnK1rE
[10] https://bit.ly/2XPetUF

Summary

Successful business organization is an interplay of proven methods and their consistent application in digital form.

The greatest opportunities lie in the systematic development of goals, the unbiased design of structures, and the goal-oriented selection of digital tools.

Neutral experts are valuable companions here, because change by itself is still a major challenge for companies, no matter how urgent it may be and how great the pressure from outside may be.

About twr GmbH

twr GmbH is a consultancy company for change management and digital transformation. With 20 years of experience in lean management, process optimization and change facilitation we accompany mainly manufacturing SMEs on their way to a successfully designed future.

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