



A Study of Principles of Organization Design

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Abstract

Organisational design ensures that, in terms of performance, work activities are in line with the company's strategy. This is applied at every level of the organisation – from corporate layers to functional subunits. To plan an effective design will require trade-offs at all levels.

In addition, there is never a single best design for any company or function. All designs have inherent strengths and weaknesses, and all companies have different capabilities and strategic positions. Therefore, good organisational design is finely tailored to deliver the company's competitive strategy through enabling its work activities. The design can be evaluated with specific criteria – these include the strategic initiatives and critical operational capabilities it should enable.



Keywords: Organization, design, company, performance

Principles of Organization Design

A global electronics manufacturer seemed to live in a perpetual state of re-organization. Introducing a new line of communication devices for the Asian market required reorienting its sales, marketing, and support functions. Migrating to cloud-based business applications called for changes to the IT organization. Altogether, it had reorganized six times in 10 years.

1. Declare amnesty for the past. Organization design should start with corporate self-reflection: What is your sense of purpose? How will you make a difference for your clients, employees, and investors? What will set you apart from others, now and in the future? What differentiating capabilities will allow you to deliver your value proposition over the next two to five years?

2. Design with “DNA.” Organization design can seem unnecessarily complex; the right framework, however, can help you decode and prioritize the necessary elements. We have