



CUSTOMER MANUFACTURING GROUP

Cutting through the fog of organization vernacular, the true purpose of any organization is to coalesce the talents of **people** in a manner that will most efficiently accomplish the organization's objectives.

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LET'S REORGANIZE!

THAT WAY, WE WON'T HAVE TO *REALLY* LEARN HOW TO MANAGE

The more things change, the essential element remains the same; it's the power of your people to produce results that count. Far too many reorganization projects tend to serve the structure itself and not your customers, and it's your people, not the scaffolding, who serve your customers. This paper looks at the underlying people issues too often ignored.

Managing people in a group remains the central, continuing challenge of organizations. The superimposition on our humanness of any essentially political structure doesn't work very well for very long. When it fails, management changes the structure, again. If management is experiencing a "people" problem with either an individual or a group, the people, the group – and sometimes both – get reorganized. That's how problems get "fixed." (We won't explore here the larger likelihood that the problem is a process issue and not a people cause . . . but it probably is.)

Organization Structures

Organization structures – vertical, horizontal, flat, matrix, cross-functional teams, and so on (pick the current "hot" concept) are all focused on the people-in-a-group management challenge. Each has been designed – hopefully – to help us work better together, and thereby solve any problem created by the previous attempt to utilize an organization's human resources in a more efficient and effective manner.

In all of these structures, and others that have ever been popular, the essential ingredient – and the *only* reason for their use – has remained the same over the decades (if not for centuries); ways of putting people to their (our?) most productive use.

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People are the reason organization structures exist. And the "newer" approaches that have gained popularity in the last few years are all focused on a key operational imperative; getting, rather, *enabling* people (you will note that *empowerment* wasn't mentioned, a subject in its own right) to accomplish more and better with less (i.e., fewer people).

Organizational "downsizing" or "rightsizing" bombsight people, while to a large extent property, plant, and equipment (the three other key assets, after customers) have all seen significant budgetary increases. While on the one hand this would seem to make one aspect of management a little easier – less people, fewer "problems" – on the other hand it significantly increases the requirement for managerial skills in relating to people as individuals.

In smaller groups, individual members become increasingly visible and significant to the group's performance. It is here that technology fails us, and where managers need to remind themselves that they are people too. How would we like to be organized and managed?

The current and increasing management use of outsourcing and off-shoring is generally regarded as a prudent cost reduction tactic. And what this also accomplishes, of course, is to shift the responsibility for people management to another venue, i.e., someone else's problem. Managing is the Issue So what's behind all the various organization structures constantly being advanced, modified, adapted, and fine-tuned? It is that we find it terribly difficult to manage us. A corollary is that those of us "on top" – who have somehow managed to separate ourselves from the herd – have discovered that if we keep reorganizing those below us we won't have to deal with the underlying issue of learning how to organize and manage people in an effective and consistent manner, one that continuously builds upon the people strength of an organization. How many organizations can you think of that list and publicize their people management and organization skills as a "core competency"? Probably not very many. There are exceptions to this. For example, <i>Fortune's</i> 2004 "100 Hundred Best Companies To Work For," gives recognition to companies that place a lot of emphasis on their human assets and management of them. (Actually, in order to get on this list, the company's employees must rate their employer worthy of consideration.) For comparison, also examine <i>Fortune's</i> "500 Largest U.S. Corporations." Only forty-one of the "Best" companies were among the "500" largest, or, 8% of the latter. Even	given the different qualifying criteria between these two lists, this is pretty dismal performance for the flagships of American industry. Reorganizing/Re-engineering Reorganizing – or in the current jargon, <i>re-engineering</i> the corporation – can indeed be a powerful performance enhancer if applied judiciously and properly. The monolithic and pyramidal structures of the past have become the dinosaurs of organization framework. People can benefit from the new architectures if they are given the appropriate consideration as <i>individuals</i> from the outset of the redesign. Organizations succeed because of their people, not in spite of them. And this precept can work for everyone, at every level in the hierarchy. If <i>you</i> are one of those on top or at least you occupy some position with enough authority to reorganize others, and would like to try out one of the "new" approaches in vogue, take heed before you do it from one who saw the issue clearly, long before "organization theory" became a universal management topic:	software. Since we do need some organization and structure (most operations don't intentionally try to create chaos), the organizational re-designers should ask themselves in what <i>minimal</i> framework <i>they</i> would work best to accomplish the organization's real mission? The answer they come up with might work for everyone. It's the People The captains of organizational management seem to have the darndest time acknowledging the human characteristics of people in their charge. One of these characteristics is that if people are properly motivated, incentivized and empowered, they will find a way to get the job done, often in spite of the chart and chain-of-command. If there is a performance problem with an individual or group, rather than automatically reorganizing everything and everyone, first look carefully at the person, – or people – and the process, and then examine your own performance as a manager of people. And keep your hands away from that "quick fix" keyboard!
	<i>"Every time we were beginning to form up into teams, we would be reorganized. I was to learn later in life that we tend to meet any new situation by reorganization, and a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency, and demoralization."</i> - Petronius Arbiter, AD 65 It's still an organization's people who count most. And it seems as if the architects of reorganization have a habit of forgetting their (and others') humanness when they start pushing the chart boxes around, now at the gigahertz speeds of computers and	What's Really Going On? When asked by our clients to take a look at various performance shortfalls – organization, teams, individuals, and processes, for example – we often discover (<i>uncover</i> is actually more to the point) how things <i>really</i> work, or don't. Management's perception of the company's modus operandi often bears little resemblance to action-in-fact. This reality divergence becomes further pronounced when management

attempts to change its institutionalized infrastructure in order to improve some aspect of its performance; it edicts a change to something that isn't really there, and then can't understand why the new way doesn't work either!

So first, before you think about reorganizing something, find out how things really are. And in this search for "truth," look for all the hidden agendas, the unpublished "underground" org charts, the power webs (your company's *real* empowerment "net"), the seemingly minor (in *your* opinion) issues that are someone else's entire *raison d'être*. Then consider how these things came to be. How many of these are the direct results of your sins of omission and commission, which you may be about to repeat? Reorganizing will change something . . . but *what*?

Final Thoughts

Companies reorganize in order to accommodate growth (or shrinkage), changes in market or customer orientation and location, new product development, "globalization" in its many aspects, macro- and micro-economics (including labor market shifts), and so on. These are all very valid justifications for re-aligning a company's architecture and infrastructure to bring it in sync with the dynamics of its business enterprise. And none of these re-do's (some might call this "re-engineering" which is over-used fad terminology that is often misleading as to its objective) preclude a thoughtful and insightful incorporation of the performance of its human assets that will be required to make the "new" organization hum.

You *can* build the new alignment from both the outside-in and the inside-out at the same time. In fact, you

must, for failure to do so will produce a change that will not result in the performance that can be realized if you give appropriate incorporation of a management structure that maximizes your key resource – your people power. We work best if we're not encumbered by organizational structure and managerial hierarchy that stifle our ability to serve the objective of the business – to serve the customer.

More Information

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We have offices in major cities in the United States, and our experts travel extensively throughout the world. If you'd like to schedule a meeting when we're in your area, just let us know.

"Every company has two organizational structures: the formal one is written on the charts; the other is the living relationship of the men and women in the organization"

- Harold Green
CEO, IT&T