Structure and Restructuring

Reframing Organizations
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Chapter 4
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Restructuring

Powerful but high risk approach to improvement

Designing a structure, putting all the parts in place, and satisfying every interested party is difficult and hazardous

Major initiatives to redesign structure & processes often prove neither durable nor beneficial

An organization’s structure at any moment represents its resolution of an enduring set of basic tensions
Structural Dilemmas

- Differentiation vs. Integration
  - The more complex a role structure (lots of people doing many different things), the harder it is to sustain a focused, tightly coupled enterprise
  - Lateral strategies need to supplement top-down rules, policies, and commands

- Gap vs. Overlap
  - If key responsibilities are not clearly assigned, important tasks fall through the cracks
  - Roles and activities can overlap, creating conflict, wasted effort, and unintended redundancy
Structural Dilemmas Continued...

- **Underuse vs. Overload**
  - If employees have too little work, they become bored and get in other people’s way
  - If one department is underused and one department has to much work – sharing the workload = better structural balance

- **Lack of Clarity vs. Lack of Creativity**
  - Unclear or undefined roles often lead employees to tailor their own roles to fit personal preferences instead of shaping them to meet system wide goals
Structural Dilemmas Continued...

- **Excessive Autonomy vs. Excessive Interdependence**
  - If efforts of individuals or groups are too autonomous = isolation
  - School teachers may feel lonely and unsupported because they work in self-contained classrooms and rarely see other adults. Yet efforts to create closer teamwork have repeatedly run aground because of teachers’ difficulties in working together
  - Too tightly connected = unnecessary coordination

- **Too Loose vs. Too Tight**
  - Critical structural challenge is how to hold an organization together without holding it back.
  - Structure - too loose – people go astray with little sense of what others are doing
  - Structure – too rigid – stifle flexibility and creativity and encourage people to waste time trying to beat the system
  - Example:
    - Enron Scandal = Too Loose
    - Managed Health Care = Too Rigid
Structural Dilemmas Continued...

- **Goal-Less vs. Goal Bound**
  - In some situations, few people know what the goals are; in others, people cling closely to goals long after they have become irrelevant or outmoded.
  - **Example:**
    - 1960’s = Salk Vaccine eradicated Polio
    - Medical Breakthrough brought to an end existing goal of the March of Dimes organization, which championed finding a cure for the crippling disease. March of Dimes rebounded shifting their purpose on preventing birth defects

- **Irresponsible vs. Unresponsive**
  - **Public agencies “Street-level bureaucrats”**
    - Often asked to do favors
    - Can’t you bend the rules a bit in this case
    - Turning down every request, even reasonable ones, alienates the public and perpetuates “red tape”
    - Agencies who are too accommodating create problems of inconsistency and favoritism
Structural Configurations

- Structural design rarely starts from scratch (look for wisdom and experiences of others)
- Abstract templates and frameworks can offer alternatives to stimulate thinking
- Henry Mintzberg and Sally Helgesen offer two conceptions of structural possibilities
Mintzberg’s Model

Administrative Component: Directly above Operating Core: Managers who supervise, coordinate, control, and provide resources for the operations. Who? Principals, factory supervisors, echelons of middle management

Senior Managers: Developments in the environment, determine the mission, and shape the grade design. In schools: Superintendents and school boards. In corporations: board of directors & Senior Executives

Houses specialists, technicians, & analysts who standardize, measure, and inspect outputs & procedures. Accounting departments, audit departments, flight standards department

Performs tasks that support or facilitate the work of others throughout the organization. In schools = nurses, secretaries, custodians, food service workers, & bus drivers

Workers who produce or provide products or services to customers or clients: teachers in schools, assembly line workers, physicians & nurses, flight crews
Mintzberg’s 5 Structural Configurations

- **Simple Structure:**
  - “Mom & Pop Shops” 1 or 2 people
  - Coordination is accomplished through direct supervision and oversight
  - Authorities can block as well as initiate change

- **Machine Bureaucracy:**
  - McDonalds
  - Members of the strategic apex make the big decisions
  - Managers & standardized procedures govern day-to-day operations
  - Work = routine based (assembly line)
  - Challenge = Motivating workers
Mintzber’s 5 Structural Configurations Continued...

- **Professional Bureaucracy:**
  - Harvard University affords a glimpse into the inner workings of a Professional Bureaucracy
  - Each individual school has its own local approach to teaching evaluations; there is no university wide profile developed by analysts.
  - Few managerial levels exist between the strategic apex and the professors, creating a flat and decentralized profile
  - Control relies heavily on professional training and indoctrination.
  - Professors have almost unlimited academic freedom to apply their expertise as they choose
  - Produces many benefits but leads to challenges of coordination and quality control
  - Responds slowly to external change
  - Waves of reform typically produce little impact, because professionals view change as an annoying distraction
  - Professionals more tightly bonded to their field than to any specific institution, often win struggles between the strategic apex and the operating core.
Mintzberg’s Structural Configurations Continued...

- **Divisionalized Form:**
  - The bulk of the work is done in quasi-autonomous units, as with freestanding campuses in a multicampus university, areas of expertise in a large-specialty hospital, or independent business units in a Fortune 500 firm
  - Headquarters wants oversight, while divisional managers try to evade corporate control
  - Risk in the divisionalized form is that headquarters may lost touch with operations
    - Hewlett – Packard (Company)
      - Printer Division
      - Computer Division
Mintzberg’s Structural Configurations Continued...

- **Adhocracy (Ad hoc):**
  - A loose, flexible, self-renewing organic form tied together mostly through lateral means.
  - Usually found in a diverse, freewheeling environment
  - Functions as an “organizational tent” exploiting benefits that structural designers traditionally regarded as liabilities
  - Thrive in conditions of turbulence and rapid change
  - Example: Advertising agencies
  - Doesn’t believe much in hierarchy, rulebooks, dress codes, company cars, and other “perks”
  - Think “cubicles”
Helgeson’s Web of Inclusion

- Helgeson argues that the idea of hierarchy is primarily a male-driven depiction, quite different from structures created by female executives.
- Organic organizations focused on nurturing good relationships = no need for hierarchical rank.
- Women tend to put themselves at the center of their organization rather than the top, emphasizing both accessibility and equality and labored constantly to include people in their decision making.
- Coined the expression “web of inclusion” to depict an organic social architectural form more circular than hierarchical.
- Web builds from the center out.
- Works like a spider, spinning new threads of connection and reinforces existing strands.
- The web’s center and periphery are interconnected.
- Action in one place ripples across the entire configuration.
- Consequently, weaknesses in either the center or the periphery of the web undermine the strength of the natural network.
Generic Issues in Restructuring

Internal/External changes force every structure to adjust, but structural change is rarely easy.

Falling victim to the one-best-system or one-size–fits-all route is a route to disaster.

Whoever is appointed, they get absorbed by the structure. Instead of you transforming the structure, the structure transforms you.

Mintzberg’s imagery suggests general principals to guide restructuring across a range of circumstances.

Strategic Apex: They long for simple structure they can control.

Techno Structure: Exerts pressures to standardize. Technocrats feel at home in a machine bureaucracy.

Support Staff: Direction of greater collaboration.
Why Restructure?

1. Environmental Shifts
   Think: A T & T, to “Baby Bells”

2. Technology Changes
   Think: Boeing Piston to Jet Engines

3. Organizations Grow
   Think: Digital Equipment
   Small division – same small structure – problems when multibillion-dollar comp.

Categories When Trouble Occurs:
1. The Impulsive Firm: Fast growing Corp.
2. The Stagnant Bureaucracy: Older, traditional-dominated organization with an obsolete product line
3. The Headless Giant: A loosely coupled, divisional organization that has turned into a collection of feudal baronies

Leadership Changes
Think: Schools
New Leaders trying to put their stamp on the organization
After All That, Just Know...

At any given moment, an organization’s structure represents its best effort to align internal activities with outside pressures and opportunities.