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**DEVELOPING ORGANIZATIONAL  
DESIGN CAPABILITY IN TEAM-BASED  
ORGANIZATIONS: INTRODUCTION  
TO A SELF-DESIGN TOOL**

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## **Abstract**

### **Developing Organizational Design Capability in Team-Based Organizations:**

#### **Introduction to a Self-Design Tool**

Susan Albers Mohrman

It is argued that organizational self-design is becoming an ongoing organizational process in today's turbulent and dynamic environment. Team-based organizations, in particular, are dynamic forms as organizations continually update their configuration of teams and network units to fit a shifting mix of work. This paper describes a design tool based on the teams research conducted at the Center for Effective Organizations that guides a design team through the process of designing or redesigning a team-based organization. It is intended to help build organizational self-design self-sufficiency.

## **Developing Organizational Design Capability in Team-Based Organizations:**

### **Introduction to a Self-Design Tool**

Susan Albers Mohrman

Organizational design capability has become a requirement for almost all organizations struggling to stay or become competitive in today's turbulent, global environment. In many industries, markets and technology are dynamic, strategies evolve rapidly, and ongoing organization design activities are required. In particular, team-based organizations are often inherently and intentionally unstable; organizations create and recreate small focussed business units and teams to deal with an ever-shifting mix of work activities. Some observers of organizational form believe that in the future many organizations will be a rapidly shifting assortment of project teams and network units. If this is true, the ability to quickly shift designs is becoming a core managerial and organizational competency.

At the Center for Effective Organizations at the University of Southern California, we have begun to argue for the creation of a discipline of organization design that will prepare practitioners with the models, frameworks, methods and tools required to design effective organizations. Organizations of the future will be reconfigurable, we believe, in order to be flexible enough to cope with a dynamic environment and rapidly evolving strategies. Well understood and clearly described design processes must guide the reconfiguring process. These design processes must attend to the technical aspects of fitting design to work, as well as to the social aspects of making sure that the resulting organizations address core needs of employees and lead to high commitment and motivation.

Historically, organization design has been the responsibility of senior management. "Reorganizations" have occurred when new managers arrived and put their personal stamp on the

organization, or when the organization underwent a transformation to a new strategy and design because of major environmental change. Increasingly, design occurs at all levels of the organization. Division managers may face the need to continually adjust the mix of product and service units and shared support groups. Regional managers may change the mix of customer-focussed teams as the portfolio of business and the business targets change. A manufacturing unit may change its configuration of work cells as its mix of products changes. A staff support group may operate primarily through project teams, which change as the business develops new needs. Thus, reorganizing is becoming part of the ongoing work of the organization, not a special event that happens during major discontinuities.

### **Designing the Team-Based Organization**

The design task is not simply to design teams—rather, it is to design the team-based organization. Our research in team-based organizations has found that team effectiveness depends on a well-designed context that supports and is consistent with the logic of doing work through teams. Team-based organizations compared to traditional hierarchical functional organizations are characterized by a fundamentally altered logic that has to permeate all aspects of the system. In the design model that stemmed from our research (Mohrman, Cohen and Mohrman, 1995), we have delineated five major design tasks involved in designing and redesigning team-based organizations:

*Fitting the organizational structures (business units and teams) to the strategy and the work* is just the first step. This design step is necessary to high performance because teams must include the right mix of contributors to perform a whole task that delivers value to the customer, and to resolve issues and work out

interdependencies. However, simply delineating the right teams is not sufficient to sustain high performance. The other design tasks are equally important.

*Defining organizational linking mechanisms* to ensure that coordination occurs across the many performing units is the second structural design task. When organizations first move to teams they often find that they have eliminated functional hierarchies only to discover that their teams have become their new “silos”. To prevent this, overlapping team membership, liaison roles, and teams composed of representatives from other teams may be needed.

*Determination of needed team and business unit leadership roles* is the third critical structural design task. Sharing leadership within teams and across the organization, ensuring that needed leadership roles are clearly established, and making sure that team self-management is encouraged are key considerations. Team organizations can suffer from too much or too little formal and informal leadership.

*New approaches to organizational processes such as direction setting, communication, and decision making* are needed. The structures delineated in the first three design steps are the skeleton of the organization--the processes are its nervous and circulatory system. Teams need access to information necessary for informed decision making. Ambiguity about decision-making authority can slow down overall organizational decision-making and functioning. Failure to align the organization through clear direction-setting processes can lead to redundancy and lack of fit between the work of different teams in the organization. Team organizations die quickly when the structures but not the processes are changed.

*Performance management practices* must be changed to fit with the new organizational logic. Practices that have been seen as human resource rather than

business management systems and that have primarily been individually oriented need to be revamped to treat the team as the fundamental performing unit, and to align the management of the individual, the team, and the larger business unit. Many team organizations never achieve their potential because goals, reviews, rewards and development practices stay focused on the individual.

In the design of team-based organizations, one size does not fit all. There is no cookie cutter design that can be copied from another organization or even from other parts of your own organization. That's because a team-based organization must be designed to fit the work that is done. The power of teams comes from self-containing part of the work, giving the team authority and responsibility for its performance, and holding team members collectively accountable. The determination of appropriate structures and processes depends on figuring out the best way to divide work into teams and to create structural and process "glue" to hold the various teams together and keep them moving in a coordinated fashion. Performance depends on each team and member understanding how the organization is designed and intended to work and their role in the team-based organization.

### **Building Self-Design Capability**

The optimal team-based organization design differs across different settings; each organization needs to think systematically about how to configure its structures and processes, and to make decisions and trade-offs about design features. Furthermore, organizational members need to understand the logic of a flexible team-based structure well enough to instinctively loop into a redesign mode when the mix or phase of work and the success criteria of the organization change.

Our studies of the processes through which organizations learn to operate successfully in a team mode have found that in successful organizations members have developed a deep understanding of the team-based system and its elements and sub-systems; furthermore, they spend time refining, improving and evolving its design. Team leadership roles are more easily grasped and enacted by people who have thought about the organizational system, about why the structures are configured as they are and about the processes required to create empowered and motivated teams.

Organizations transitioning to a team-based organization face the challenge of creating deep understanding of the new logic. It is our belief that this deep understanding comes in part from participation in systematic design and redesign processes. We repeatedly find that leaders and members who have been part of the design process understand the logic of the new organization much more fully than those who have not participated.

Until recently, the need for self-design capability has not been acknowledged in the organizational literature. Managers have been taught finance, planning, and human relations skills; they have not been taught frameworks for thinking about the optimal organizing of resources. The tenets of the bureaucratic form have been embedded in the organizations that people have experienced; however, even they are not often held at the conscious level. Assimilating the principles and operating logic of a new organizational form is a formidable task of unlearning tacit knowledge and replacing it with a new and broader conscious understanding of organizing options.

In the past, new designs have often been created through lengthy design processes conducted by design teams with expert consultation and facilitation. Increasingly, redesigning is ongoing, involves numerous iterations, and is carried out by local teams and/or standing organization design task teams whose responsibility it is to monitor organizational performance and the design issues in the organization. Some business units build an organizational assessment into

their yearly planning process and introduce organizational design changes as needed. Expert consultants may not be available to help with this ongoing process. The organizational members continually self-design the work units.

Based on our study of team-based organizations, we argue that designing team-based organizations is not pure art; rather, it is best accomplished within a disciplined framework that guides designers systematically through the key aspects of the organizational context. The need for frameworks and systematic approaches is true, we believe, for any organizational design task. Designing team-based organizations is simply a case in point.

### **A Team-Based Design Tool**

*Designing and Leading Team-Based Organizations: A Workbook for Organizational Self-Design* (Mohrman & Mohrman, 1997) was written to provide a practical design tool to guide organizational self-designers. It is intended to be used by design teams as they systematically think through the features of their team-based organization. It can be used either to design a team-based organization from scratch or to revisit an existing team-based organization to ensure that the design is optimal. The workbook was written at the request of some of the companies that we have studied and worked with. Their common plea was to turn our research findings and the resultant design model that we spelled out in greater detail in our earlier book into a shorter, more approachable design guide. They were interested in a tool that laid out the whole system for design purposes.

The workbook is divided into nine modules. The first module addresses the question of what is a team-based organization and is it the best way to organize your work. The next six modules follow the overall design sequence specified above and guide the group through designing structures, leadership roles, direction-setting approaches, decision making, communication, and



performance management systems. The modules are ordered in a manner that enables foundation decisions (e.g., what teams, what roles) to be made early so that processes can be designed to fit. Nevertheless, participants are encouraged to loop back as they discover in later modules issues that require a tweak to the structures and roles that have been designed in earlier modules.

The final two modules provide a framework for chartering teams throughout the organization. We argue that the chartering process documents how the organization is intended to operate and constitutes the blueprint for the new organization. By sharing charters and updating them through time, each organizational member has access to a picture of the entire organization, and mission, goals, responsibilities and interdependencies are clear. The last design task is to charter the leadership team. We argue that a leadership team cannot charter itself until it has a clear picture of the organizational system it is leading and can think through the areas in which it must add value to the functioning of the overall unit.

Each module contains overview concepts and framework material, concrete examples of designs (often from both technology and service organizations), and a structured application exercise through which the team can design the features of its own organization. Finally, the design team is encouraged to identify loose ends, design decisions that need to be revisited, and areas where more extensive organizational participation and input should be solicited.

As organizations become more familiar with team-based designs, we believe that this tool can be used by organizational units without expert consultation and facilitation. The experience of companies that have used this guide is that early applications often require facilitation, particularly to keep the unseasoned group on track and focussed on the kind of organization it is trying to create. Unfacilitated groups may drift back to recreating the hierarchical organization in many arenas. We have written a *Facilitator's Guide* that describes an approach to guiding a design team through this systematic design process. It incorporates approaches we have found useful in

our own work with design teams. In particular, it suggests areas where taking time for group interaction early in the process will pave the way for the series of design decisions that have to be made. In general, however, it suggests minimizing the one-way presentation mode and having the group read over the materials and identify issues that they want to discuss before embarking on the application exercise.

The philosophy underpinning this organizational self-design tool is one of inclusiveness and participativeness. It can be used to guide the deliberations of large or small design groups. However, if the design team is a small group—a management team or a representative cross-section, for example—successful design and implementation depend on creating rich two-way communication channels between it and the rest of the organization, and ensuring that organizational members have the opportunity to influence and learn about the design logic. The workbook and facilitator’s guide each suggest areas in which broader input is recommended.

## **Summary**

Ongoing organizational design is becoming necessary in many organizational settings as environments and technology continue to be dynamic. This is especially true in lateral, team-based organizations that are comprised of a shifting array of performing units. Designing activities are occurring at all levels—at the corporate, business unit, and team levels. This article has described the need for practical design frameworks and tools to guide self-design activities. It described a workbook that was written to provide such a hands-on tool for designing team-based organizations. The ultimate intent of this workbook is to build systematic design knowledge and process capabilities into the organization to enable units to be independent of external experts in the design process. It is expected that this tool will be one of many that will become available to

organizations as the need for internal design capability becomes understood and as a discipline of organization design develops.

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