



# Organisational Design

Covers basic concepts, guidance and more...

**A Reference for the Rest of Us!**

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# From last time...

## A recap

In our previous sessions we've conducted **internal research** through **heat mapping**, built a **business case**, and started to work out how to run a **"beauty parade"** to select an appropriate HR tech vendor



## "Take some time to prepare for the task ahead"

Before we get on with vendor selection its worth taking a moment to make sure your internal environment is aligned and ready for the change ahead. All too often its easy to rush ahead with a technology change, when the business has not prepared the ground work

The foundations of any new HR tech system are grounded in the foundation data. This means the org structure and core job roles, competency framework, and structures that you are anticipating to put in place for the system to operate effectively.

These are important, since they **drive security, workflows, reporting** and ultimately could make or break the success of the system.

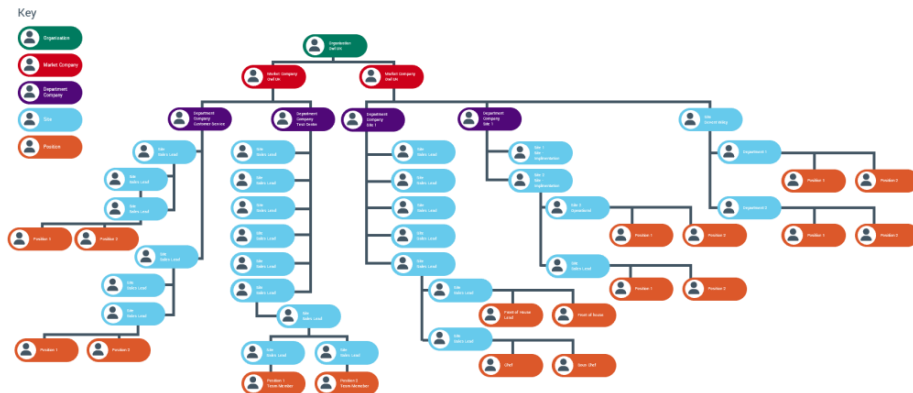




# Your organisational Design

Investing time in understanding and building the strong foundations for your HR system can prevent catastrophic problems later

Some of this thinking you can do now



VS

It also hugely speeds up and de-risks your implementation

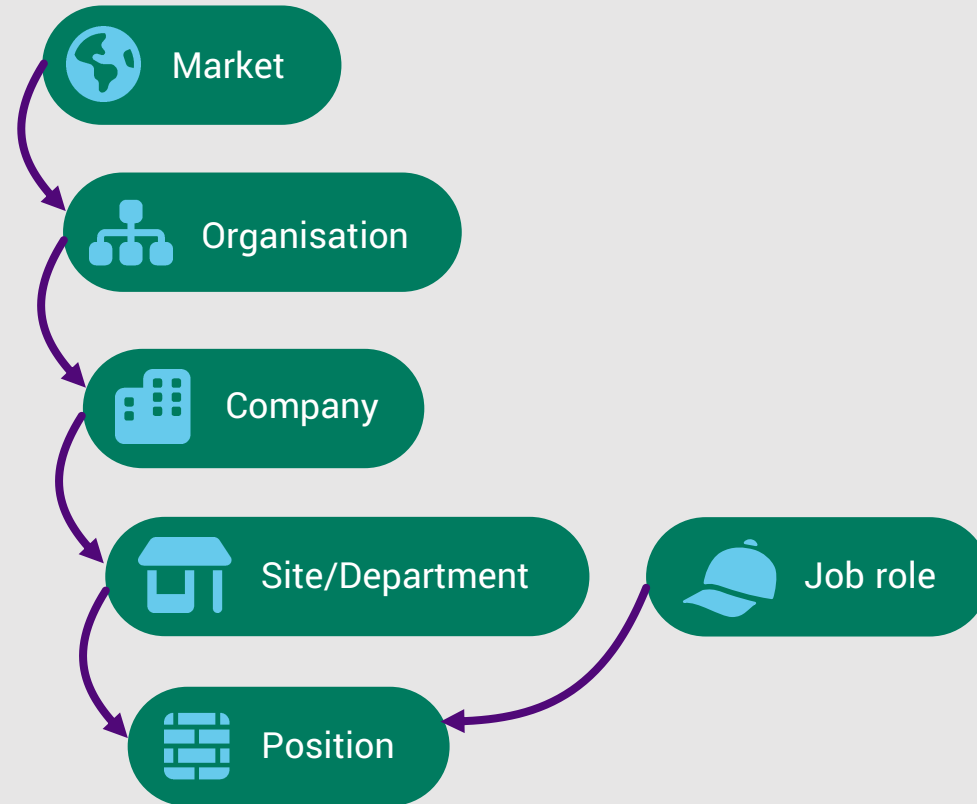






# Terminology

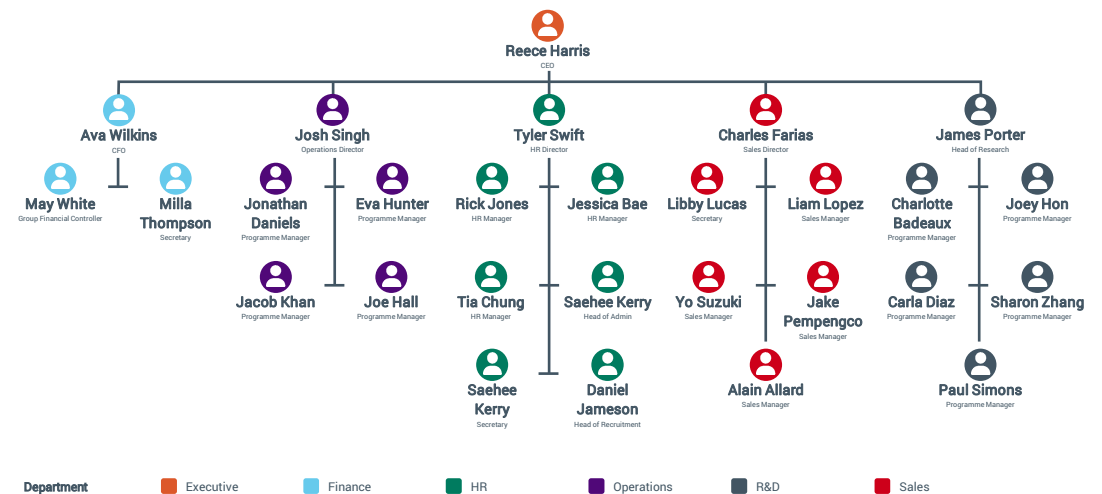
## A Recap



NB. A “position” is typically an instance of a job role in a site or department, but it is worth noting that some simple HR systems don’t have the concept of positions

How you structure your company’s organisational design provides the backbone of your solution – different vendors will use different terminology, but fundamentally these are the “lego blocks” of your organisation.

Typically this structure is represented in an “Org Chart”





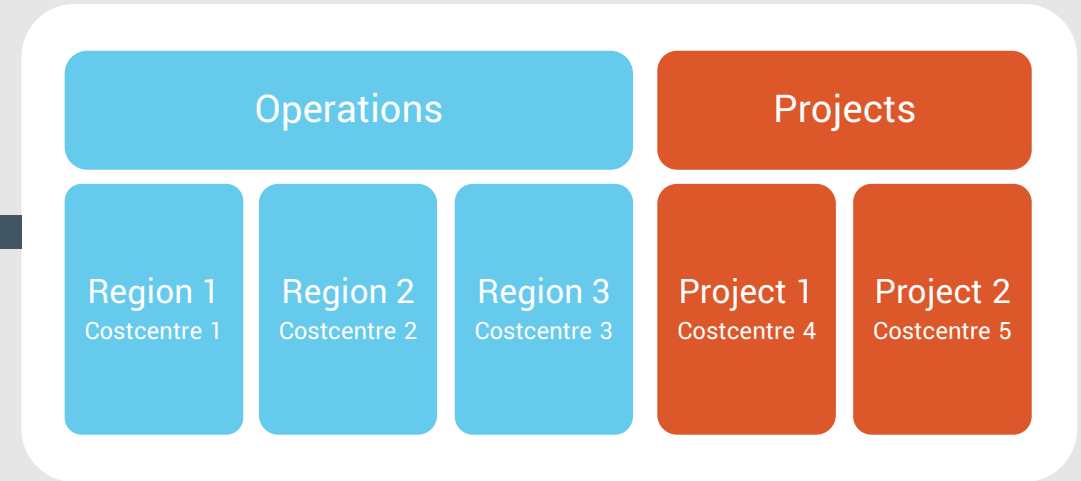
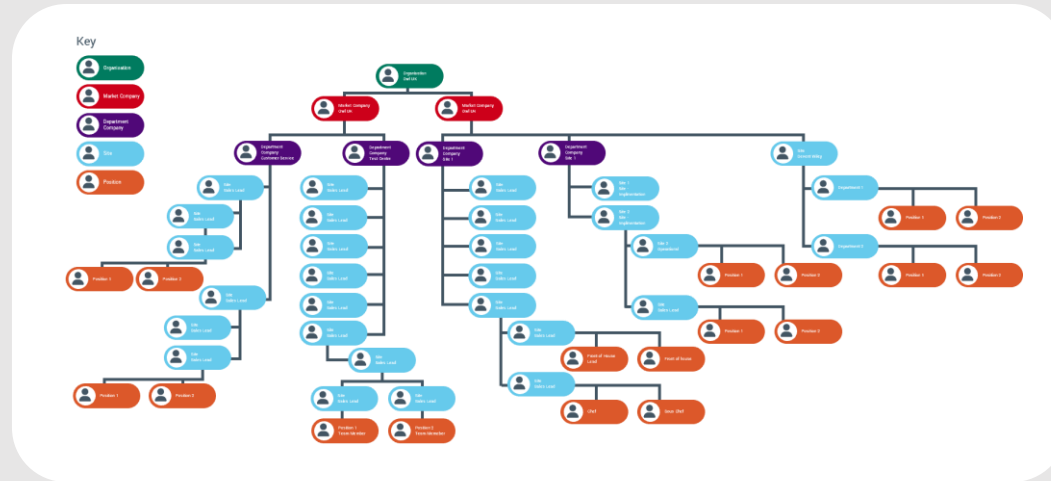
# Hierarchies

There are typically two overlapping hierarchies at play within the organisation – your HR reporting line structure and your finance / cost centre structure.

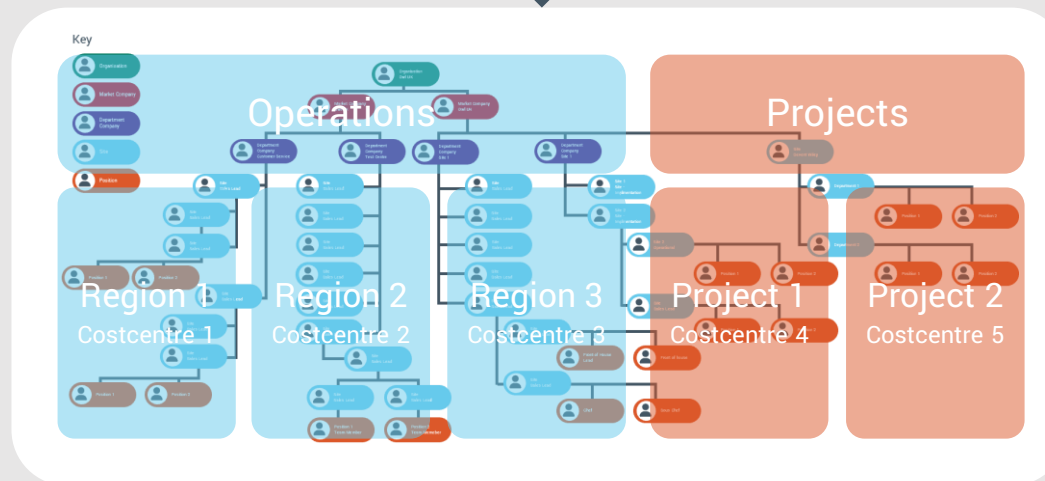
## Reports to vs finance

Your HR reporting line structure will usually drive the traditional organisational hierarchy and org chart within the organisation

Your finance structure will drive the cost centres that payroll costs are attributed and the journals in your general ledger.



Whilst these are often aligned they are not always aligned...



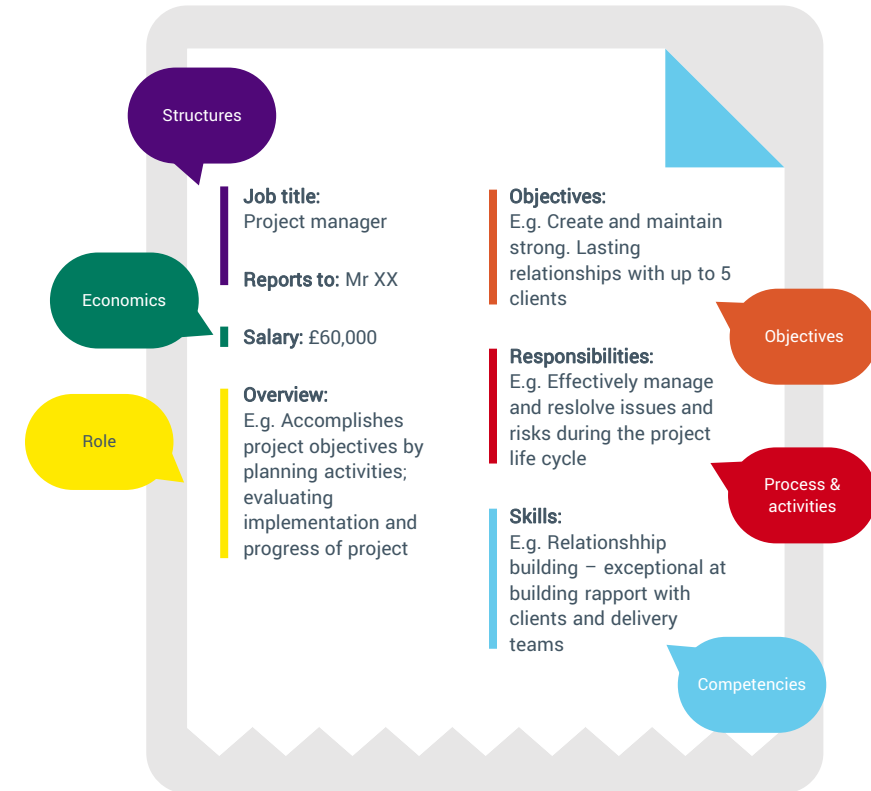
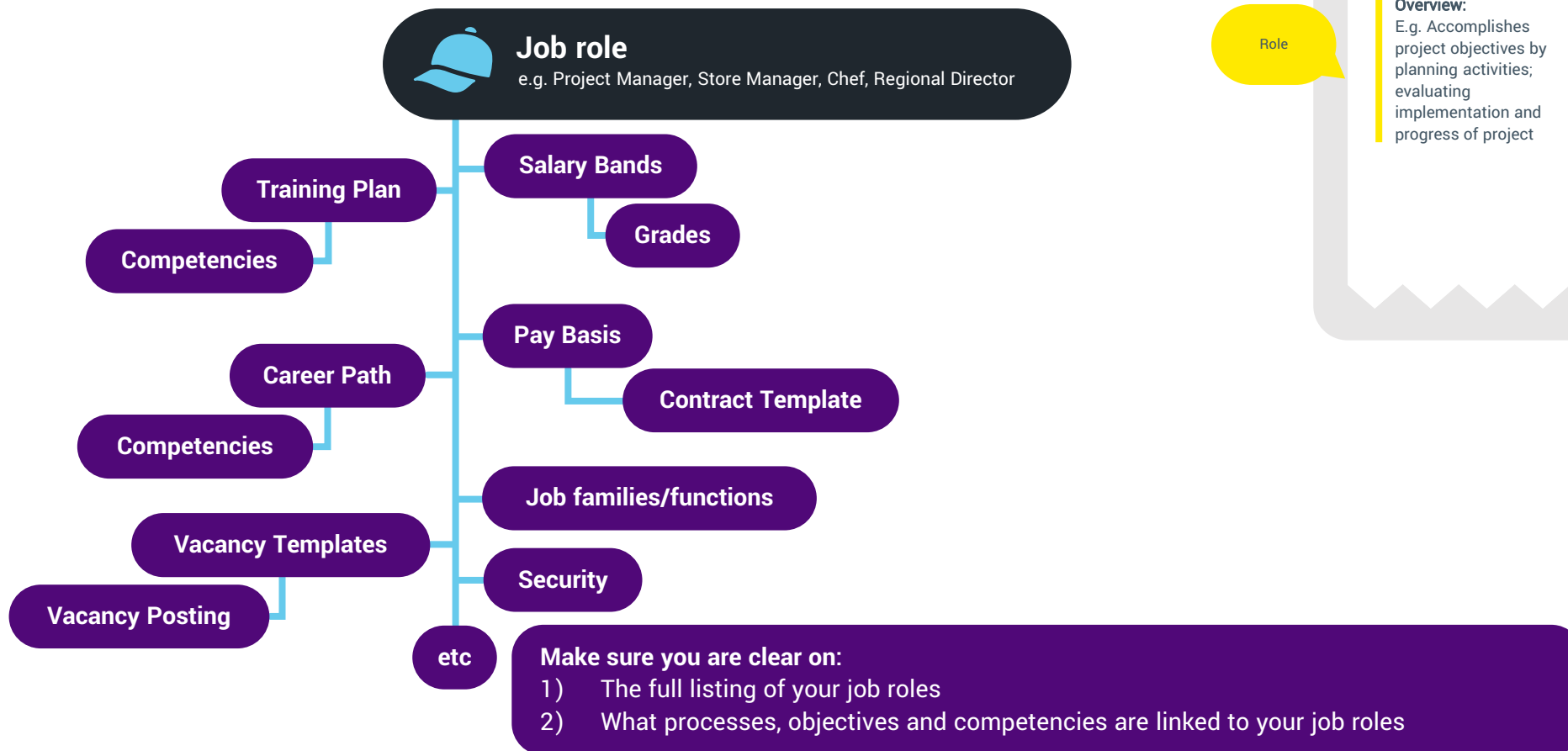
...and remember...no-one likes to upset finance



# Job roles

## At the heart of HR

Job roles and definition of the various attributes relating to job roles is arguably the most important thing to get right in the setup of your HR tech. Numerous critical HR attributes are associated with the job role. So it's important to get this right.





# Performance Management

## Company and individual objectives

Another key consideration is how the objectives and goals of your company can be cascaded down to your workforce.

All too often companies don't consider this early enough, and focus on the "transactional" change management task of implementing a new system, without considering how to build in the strategic frameworks that drive company performance. The way this can be achieved is by ensuring that a skills and competencies framework is defined that aligns with the goals and objectives of your company.

There are various ways in which skills and competencies can be visualised, but a simple example of a skills and competencies framework for a typical finance company is shown.

By assigning required skills and competencies to job roles, and then assessing the skills and competencies for individuals in role as part of their training and regular performance review a "closed loop" of continual improvement can be created and managed.

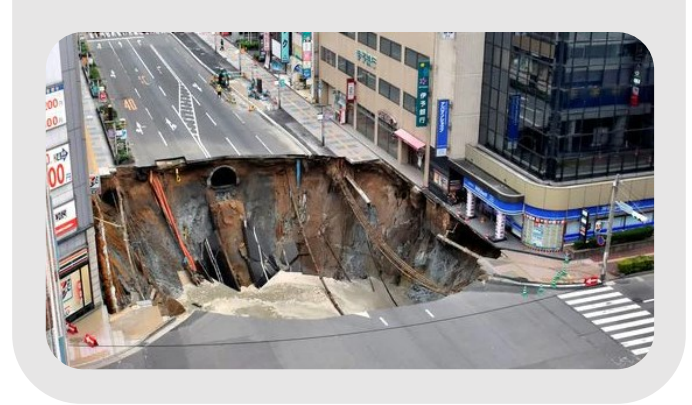
This also shows where there are gaps between required and actual performance across the organisation, and allows you to ensure you are geared up for talent management and succession planning





# Things to watch out for

## Gotchas



### Data Protection and GDPR

The GDPR (General Data Protection Regulation) dictates that access to data must be for purpose and lawful basis of processing, and that secure access to data must be implemented in HR Tech “by design and default”. So its important to understand and define the different high level roles (e.g. employee, assistant manager, manager, regional manager, head office manager, HR administrator, system administrator) in your organisation and the principles and rules that you need to ensure are in place for data access for these roles.

### Delegation and overrides

Remember that despite all the rightful good practice required to adhere to the GDPR, there are always some scenarios that will require special and authorised access – such as system administrators or Payroll Administrators. Take care to define the organisational structures and security principles for these individuals, along with the appropriate controls for assigning and revoking their access to the organisational data. Some systems also offer delegation features – which may be relevant to consider and control (e.g. secretaries being able to transact / view data on behalf of their boss/partner/executive)

### Remember Head Office

All too often (and this is particularly true of businesses with large numbers of site-based operations such as retail) we’ve seen situations where companies are clear on their site operational structures (e.g. with clear job roles and structure within the sites and regions) but have nothing like the same level of control and focus on their Head Office structures. This can lead to frustration and difficulty regarding responsibilities over the business – e.g. should a particular head office manager have access to all people or just selected people in their departments or regions. It is easy to fall into the trap of making the head office structures too flat (where managers have either too much or too little access), or too convoluted, leading to frustrations and potential security concerns.

### Align vendor capability with your security requirements – create scenarios for your RFP!

If your security requirements are complex, remember to capture these as scenarios for your upcoming RFP processes. Systems need rules to work with and it is important to understand and define these now - the extent to which different HR Tech vendors are able to accommodate flexibility in their security models is extremely variable, and you need to ensure your requirements are aligned with the capability of the HR Tech vendor you are selecting. Note - this may also mean you need to simplify your requirements!





# Checklist

## Things to check before you go further



- ☐ **Do you have a good idea of your organisational reports-to hierarchy?**  
...and are there likely to be any significant changes in the short/medium/long term that need to be considered?
- ☐ **Are you clear on how your finance and organisational reports-to hierarchy are aligned?**  
Typically this will be dealt with by driving your reports-to hierarchy via department/site and recording finance cost centres separately on the department or site.
- ☐ **Is your head office organisational defined as well as your operational hierarchy?**
  - ☐ Which roles in the business have different cost centres to the team they manage?
  - ☐ What cost centre structure is required to support reporting and payroll processes?
- ☐ **Do you have a well defined and agreed set of jobs (job roles) across the business?**  
Getting the granularity of job roles right for your organisation is important – too few and there aren't sufficient controls, too many, and the administration becomes too difficult
- ☐ **Will you be using position management for headcount reporting?**  
Position management allows you to drive greater controls around headcount reporting for budgeting and cost control purposes. However, it potentially introduces more associated complexity
- ☐ **Do you have a well designed competency framework that aligns company with individual employee goals and objectives and provides basis for talent management and succession planning?**

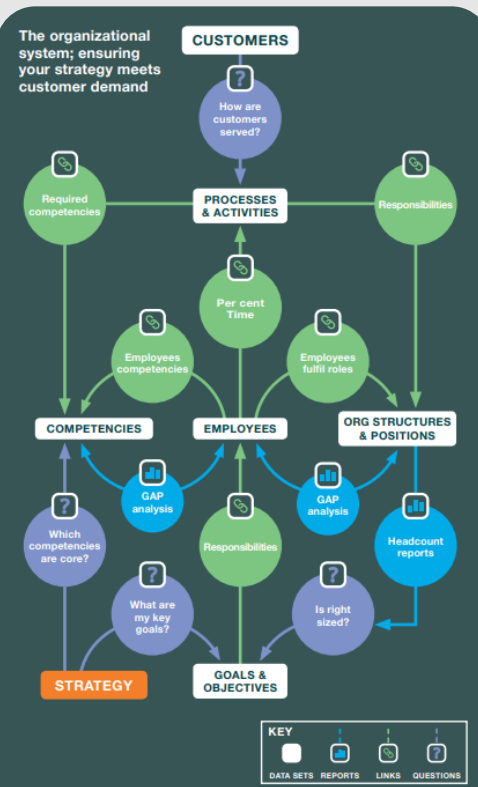


# And finally

## Just one more thing

Organisational design is not a one off event.

In the real world, there is no such thing as “As Is” and “To Be” – just a continually evolving business state. Your business is really an organisational system.



Your organisational system will need to continually respond to changes in the business environment, and adapt to maintain and improve your organisational competencies in order to survive and continuously improve.

HR Tech can help you with this, but the thinking about your organisational design also needs to be a framework for continual improvement as well as an exercise before your RFP.

Diagram from:  
Data Driven Organisational Design, Rupert Morrison, 2015