

Identifying organisational best practices redesign: skills, grading and wage systems for synthesizing findings on WCM

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Abstract – the aim of the study is to bring understanding or identifying organizations best practices. The challenge for most organizations is that they have to work within the context of preconceived notions as to what a best practice really means and the misconception of how it should be effectively deployed. A best practice, as we will soon learn, can have a significant impact on an organizations ability to improve performance within the steel development lifecycle and to deliver quality products on time and within budget. Unfortunately, it can also become that ill-fated silver bullet that fails to produce the anticipated or desired results. The way forward is for an organization to understand clearly how to recognize a best practice, what makes for successful execution and ultimately how to identify own best practices.

Keywords: — *skills, organizational redesign, empowerment, best practices, world class manufacturing, organizational performance, sustainable development.*

The current problem

The steel manufacturing process has moved most of the shop floor employees to monthly salaries away from weekly paid. Some weekly paid, however remain. There is a desire to move all the remaining hourly paid who work in teasers. Mobile plant operators, services in the cold end process and the raw materials handlers in the batch process into monthly salaries. If the salary hourly paid issued is not resolved, barriers will exist to a successful job redesign exercise. Float manufacturing management would also like to redesign the jobs to bring about greater flexibility within and across the batch, cold and hot areas so as to create intra- and inter- team flexibility. Also build in the redesigned best practice of autonomous maintenance, performance measurement, problem solving and quick fix routines.

The existing grading system has driven in barriers between jobs graded differently and seems to be an unsuitable system to reward the redesigned jobs that cut across traditional demarcations. The grading and wages system required must support and drive world class performance, incentive training and skills acquisition, promote flexibility and teamwork and encourage the sharing of skills. The salary system needs to support this. Any new system should also recognise skills generic to the hot end, cold end and batch processes and those that are specific. By necessity, float manufacturing management would also look to develop shop floor employees in line with a career path through to shift manager level.

INTRODUCTION

In line with the worldwide trend to introduce organisation redesign and re-engineering that formulate criteria for steel efficient operations envelopes in South Africa, manufacturers should consider the case for similar prescriptive rules that affect the environmental wellbeing of our manufacturing plants and the people that work in them. In the past south African manufacturing plants have been designed with little regard for resource conservation. This largely due to the plentiful steel resources as well as relatively in expensive feedstock. Many South African steel manufacturing plants are vaguely aware of the energy saving matters that can be adopted to improve overall current transmission value of steel products. In many developed countries, there is legislation on steel manufacturing on conservation, including laws governing minimum steel values.

These countries include Singapore, the United States of America and South Africa and all countries affiliated to the European Union. One of the prime reasons for this legislation is to ensure ecological development, as past practices have had a devastating negative impact on the environment. It is internationally recognised that natural resources are under threat, and will not last forever. These laws have a major impact on steel conservation, and serve to slow down the depletion of our natural resources, as well as reducing the toxic pollution associated with steel generation. Though the parameters of steel feedstock conservation design, public welfare is enhanced. Organization design can seem unnecessarily complex; the right framework, however, can help organisations decode and prioritize the necessary elements.

A successful organisation redesign and restructure is not only the development of a sound strategy but the effective implementation of that strategy to achieve results. With the ever changing economic climate businesses need to continuously improve to stay relevant in both their industry and target market. Economic fluctuation, uncertainty and changing business needs may lead an organisation to consider organisational redesign and restructuring to: Introduce new work methods and meet best practices such as a new way of deliver services to clients or adjusting internal processes and procedures to take advantage of technology advancements Improve performance in areas such the quality of products and services, and efficiency and productivity levels to better support the achievement of organisational goals and strategies Refocus core capability and maintain a competitive edge by removing non value-added activities that are detrimental to the organisation's future. Downsize cut costs, reduce redundancies and remove the duplication of work within the organisation we use a variety of tools to deliver the above objectives, including effort logging, consultation and workshops, surveys, and process mapping.

The Star Model™

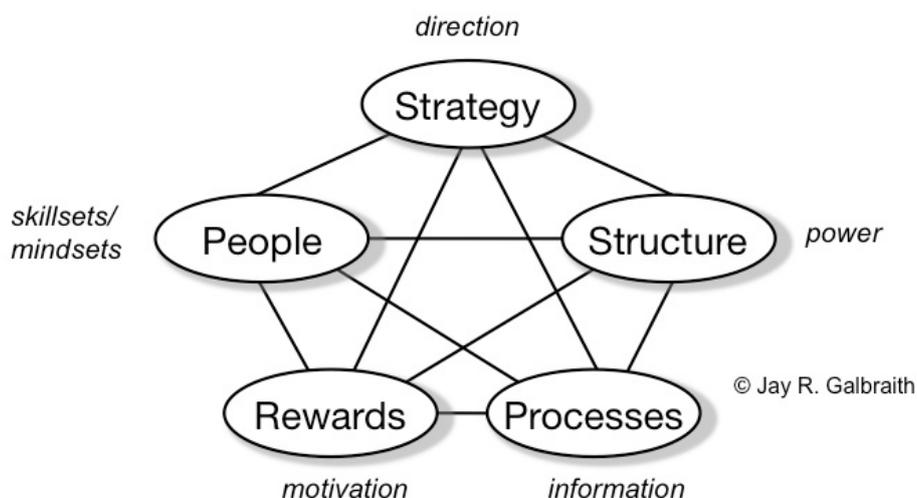


Figure 1: Organisational Redesign model
Source: Galbratith (2004).

REVIEW ON LITERATURE

Process reengineering

The reengineering of organisational systems, structures and processes- a focus of people development, workforce empowerment, product service quality, efficiency effectiveness, productivity quality of management, customer satisfaction, profitability, competitiveness, these elements will remain global priorities for individuals and organisations now and in the years to come.

Redesign

The process re-engineering phase of redesign involves a careful understanding of the content, make up, behaviour, pattern and elements of work processes. To understand and proceed with process redesign the organisational process must be seen as a set of logical, related tasks performed to achieve a desired outcome. A set of process forms an organisational system Johnson & Scholes (1992). The processes are used to transform inputs into useful outputs Porter (1980). Retool involves the evaluation and adaption of more competitive systems such as technologies, machinery and other critical tools required to improve the production or service work processes, in order for the retooling efforts to be adequate. The final phase of process reengineering requires re-evaluation of the entire process to ensure that once the redesign and retool efforts are completed, the new process has met its objectives. The best way to re-evaluate process performance is to collect data on critical performance success factors such as quality productivity customer satisfaction market share variation levels profitability indexes, job satisfaction indexes and cost reductions savings. Those performing the work have responsibility for monitoring the performance of the process because they are best qualified to control the sources of variation in the process.

People involvement

To quote Macey, W. & Schneider, B (2008) it is important to identify the critical voices such as customer, unions, suppliers, process owner's managers and employees and involve them in the process of organisational redesign of diagnosing for change. According to Macleod & Clarke (2009) employees should be able to understand the business thoroughly and find out what is happening, what is likely to happen in the future and how the anticipated changes will affect their own organisation. Specific attention should be paid to market driven changes, customer expectations, technology changes, skills mix changes, product development cycles, regulation competitors, cultural changes and service and manufacturing capability among others.

Skills

Scholes (1992) states that developing the managerial tools and skills required to manage the change is very vital. according to Frisch (2011) these include analytical, behavioural and organisational management skills which are authority might need to decide and to be taken down to lower levels so that people are able to make decisions that enable them to more quickly influence/improve results, willingness to chance, commitment to change and the desire to change. These fundamental guidelines of organisational redesign, drawn from experience, can help reshape organization to fit business strategy. A global steel manufacturer seemed to live in a perpetual state of re-organization. Introducing a new line of grading and wage systems devices for the South African market required reorienting its sales, decision making, and support functions. Migrating to cloud-based business applications called for changes to the steel manufacturing organization. Altogether, it had reorganized six times in many years which incorporated tasks and technologies which may need to be improved in order for the bonus system to achieve its objectives which is to improve business performance.

Reward Systems

The reward systems approach to organisational design has already been described above. However reward systems are also a key element in organisation design Blinder (1990). Systems are influenced by organisation design. Performance measures are another element in organisation design. The purpose of the reward system is to support the goals of the employee with the goals of the organization. It provides motivation and incentive for the completion of the strategic direction. The organization's reward system defines policies regulating salaries, promotions, bonuses, profit sharing, stock options, and so forth. A great deal of change is taking place in this area, particularly as it backs the lateral processes. Firms are now implementing pay-for-skill salary practices, along with team bonuses or gainsharing systems. There is also the burgeoning practice of offering nonmonetary rewards such as recognition or challenging assignments.

METHODOLOGY

Data was collected at two levels in the case organisations using two methods. Firstly, at the strategic level, semi-structured interviews were used to gain an understanding of related challenges faced by the organisation, the strategy, structure and practices within the organisation as well as how relationships with clients are managed. Secondly, interviews were conducted at an operational level. This phase of the research was carried out in two key steps. Line managers were interviewed, using semi-structured interviews, in a specific unit of analysis that was agreed with senior managers. The purpose of these interviews at operational level was to gain insight into the 'reality of the implementation of organisational redesign practices. Finally, further qualitative data were gathered from employees in the unit of analysis. The duration of employee interviews was typically 35 minutes and line manager and senior manager interviews lasted between 30 and 60 minutes. All interviews were conducted on the premises of the employer.

Suddenly, however, the company found itself facing a different challenge. Because of the new technologies that had entered its category, and a change in customer expectations, the CEO decided to shift from a product-based business model to a customer-centric one. That meant yet another reorganization, but this one would be different. It had to go beyond shifting the lines and boxes in an organisational chart. It changed the company's most fundamental building blocks: how people in the company made decisions, adopted new behaviours, rewarded performance, agreed on commitments, managed information, made sense of that information, allocated responsibility, and connected with one another. Not only did the leadership team lack a full-fledged blueprint — they didn't know where to begin. The steel manufacturing survey of chief executive officers, was conducted in 2014, the managers anticipated significant disruptions to their businesses during the next five years as a result of global trends. As managers look to stay ahead of these trends, they recognize the need to change their organization's design. But for that redesign to succeed, a company must make its changes as effectively and painlessly as possible, in a way that aligns with its strategy, revitalises employees, builds distinctive capabilities, and makes it easier to attract customers. Today, the average tenure for the CEO of a global company is about five years. Therefore, a major re-organization is likely to happen only once during that leader's term. The chief executive has to get the reorg right the first time; he or she won't get a second chance.

RESULTS AND FINDINGS

Although every company is different, and there is no set formula for determining the appropriate design for your organization, we have recognised guiding principles that apply to every single company. These have been developed through years of research and practice at Arcelormittal and, using changes in organization design to improve performance in this company across industries and geographies. These fundamental principles point the way for leaders whose strategies require a different kind of organization than the one they have today. One such trend, cited by 61 percent of the respondents, was heightened competition. The same proportion of respondents foresaw changes in customer behaviour creating disruption. Fifty percent said they expected changes in distribution channels. A 2014 Strategy& survey found that 42 percent of executives felt that their organization was not aligned with the strategy, and that parts of the organization resisted it or didn't understand it.

RECOMMENDATIONS

Self-reflection

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?

Make the most of top talent

Design positions to make the most of the strengths of the people who will occupy them. In other words, consider the technical skills and managerial acumen of key people, and make sure those leaders are equipped to foster the collaboration and empowerment needed from people below them. Ensure that there is a connection between the capabilities needed and the leadership talent available.

Business constraints and control

Focus on what you can control. Make a list of the things that hold your organization back: the scarcities (things you consistently find in short supply) and constraints (things that consistently slow you down). Taking stock of real-world limitations helps ensure that you can execute and sustain the new organization design. Constraints on the business — such as regulations, supply shortages, and changes in customer demand — may be out of your control. But don't get bogged down in trying to change something you can't change; instead, focus on changing what you can.

Promote accountability.

Design your organization so that it's easy for people to be accountable for their part of the work without being micromanaged. Make sure that decision rights are clear and that information flows rapidly and clearly from the executive committee to business units, functions, and departments.

When decision rights and motivators are established, accountability can take hold. Gradually, people get in the habit of following through on commitments without experiencing formal enforcement. Even after it becomes part of the company's culture, this new accountability must be continually nurtured and promoted. It won't endure if, for example, new additions to the firm don't honour commitments or incentives change in a way that undermines the desired behaviour.

Benchmark

Benchmark sparingly. It can be helpful to track what competitors are doing, this gives advantage to optimize your own design or uncover issues requiring attention. If the organisation feel the need to benchmark, they should focus on a few select elements, rather than trying to be best in class in everything related to the particular industry.

Build on operations' strengths.

Overhauling the organization is one of the hardest things for a chief executive or division leader to do, especially if he or she is charged with turning around a poorly performing company. But there are always strengths to build on in existing practices and in the culture. Suppose, for example, that your company has a norm of customer-oriented commitment. Employees are willing to go the extra mile for customers when called upon to do so. They deliver work out of scope or ahead of schedule, often because they empathize with the problems customers face. You can draw attention to that behaviour by setting up groups to talk about it, and reinforce the behaviour by rewarding it with more formal incentives. That will help spread it throughout the company.

CONCLUSION

An appropriate organisational design drives efficiency and effectiveness and assists the organisation to meet its objectives. Organisational design to provide a customised organisation structure based on best practice in order to support organisational strategies and goals today and into the future. Reconstructing your organization to align with your strategy is a project that only the top executive of a company, division, or enterprise can lead to sublime competency that cannot be matched. Although it's not practical for a CEO to manage the day-to-day details, the top leader of a company must be consistently present to work through the major issues and alternatives, focus the design team on the future, and be accountable for the transition to the new organization. The chief executive will also set the tone for future updates: Changes in technology, customer preferences, and other disruptors will continually test your business model.

For many business leaders, answering those questions means going beyond your comfort zone. Have to set a bold direction, organise the organization toward that goal, and prioritize everything you do accordingly. Sustaining a forward-looking view is crucial. A fair number of organization design initiatives fail to make a difference because senior executives got caught up in discussing the pros and cons of the old organization. This situation can be avoided by declaring "amnesty for the past." Collectively, explicitly decide that you will neither blame nor try to justify the design in place today or any organization designs of the past. It's time to move on. This type of pronouncement may sound simple, but it's surprisingly effective for keeping the focus on the new strategy.

Decisions are paired with norms (governing how people act), motivators with commitments (governing factors that affect people's feelings about their work), information with mind-sets (governing how they process knowledge and meaning), and structure with networks (governing how they connect). By using these elements

and considering changes needed across each complementary pair, you can create a design that will integrate your whole enterprise, instead of pulling it apart. Fix the structure last, not first. Company leaders know that their current org chart doesn't necessarily capture the way things get done — it's at best a vague approximation. Yet they still may fall into a common trap: thinking that changing their organization's structure will address their business's problems.

After all, the org chart is seemingly the most powerful communications vehicle around. It also carries emotional weight, because it defines reporting relationships that people might love or hate. But a company hierarchy, particularly when changes in the org chart are made in isolation from other changes, tends to revert to its earlier equilibrium. You can significantly remove management layers and temporarily reduce costs, but all too soon, the layers creep back in and the short-term gains disappear. In an org redesign, you're not setting up a new form for the organization all at once. You're laying out a sequence of interventions that will lead the company from the past to the future. Structure should be the last thing you change: the capstone, not the cornerstone, of that sequence. Otherwise, the change won't sustain itself.

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BIOGRAPHY

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