

# ORGANIZATIONAL RESTRUCTURING

John Ferraro, the former COO of Ernst & Young, said, “Every company today is being disrupted and so must frequently reorganize to keep up with the incredible pace of change. Those that can do this well will thrive in the current environment and be tomorrow’s winners.”

So what is reorganizing, and could your company benefit from it? Reorganizing is the act of changing the business model of an organization to transform it for the better. In essence, it is to improve an organization’s efficiency or effectiveness. A restructuring can involve changes to the workforce, reorganization of company hierarchy, or introduction of new processes. If your organization was a house and you wanted to renovate it, you would not just slap a fresh coat of paint on the walls and call it a day. You would look at the layout of the house, what is working or not working and come up with a plan to make it better.

A change as large as this can have significant implications. This could result in downsizing the current number of employees, hiring additional employees, or it could be a combination of the two. That combination could include training for employees not meeting their job functions and promoting qualified employees who are excelling. There is no one way to a restructure; the way you approach it depends on what you are trying to accomplish.

Restructuring for a company may be necessary for various reasons. It could be that a company is struggling to survive or to the contrary, is looking for a way to maximize its already profitable and growing business.

No matter what your reason is for changing your organizational structure, you should consider these five steps in your process.



**1) Align with your company business strategy.** What is the organization trying to achieve? At Morrison, when we receive an organizational design project, we ensure the change will make sense for the entire business, not just one side of the house like Finance or Human Resources. This involves a holistic view of the strategic objectives for the organization and ensuring that the changes made will help propel the overall organization toward these defined goals.

**2) Identify strengths and weaknesses in the current organizational structure.** Evaluate what is working and what is not in the organization. For example, in a finance department restructure, you may want to start by interviewing the individual finance members about their job roles and duties to determine if they are properly aligned. Some employees may be reluctant to share information out of fear, so it is important to ensure the employees feel safe and that their thoughts and feedback will be valued. Many times in this

process, it is discovered there’s a significant gap in a skillset that is much needed on the team, or that certain employees are performing well beyond the position they were hired into. This can lead to hiring additional staff to relieve the burden on the team and supporting upward mobility of team members who have excelled.

**3) Consider your options and design a new structure.** After determining the problem with the current company organizational structure, design a new structure. To continue with the finance department restructure example, a new organizational chart should be developed, detailing lines of authorities, who will make the formal decisions and if personnel will be added or positions will be eliminated.

**4) Communicate the reorganization.** Once you have the optimal organization structure defined, communicating that change well is necessary for effective implementation. Transparency





builds trust so ensure communication filters down to all levels of the organization, not just top leadership. Your interviews in Activity 2 may have identified your need to hire more positions. Explain those positions, the roles, the reporting structure and what benefits will come from the additional positions.

### 5) Launch your company restructure and adjust as necessary.

Execute your company or department restructure. Be sure to make changes if needed along the way and give employees time to adjust to the new structure. Change is not easy. Continuous feedback on the benefits of the restructure will be crucial for employee buy-in.

Some of the benefits Morrison has been able to deliver to our clients after performing a reorganizational structure are:

- Opening up of communication. Staff meetings held to make sure all are on the same page.
- Elimination of overlap/duplication of duties. Interviews with employees to help determine who is doing what and ensuring roles and duties are clearly defined so there are no vague areas.
- Identification of proper staffing;

e.g. hiring, eliminating positions or realigning positions and duties.

- Making better use of talent. Reassigning personnel to areas that match their skills/talents to help reduce inefficiencies and costs and help with employee motivation.
- Improving employee morale. Employees feel more empowered when dealing hands-on with business objectives. A reorganizational structure can also provide promotional opportunities for employees.
- Adopting new technologies. By restructuring, companies can free up resources to invest in cutting-edge technology that will help improve the efficiency of their operations.
- Helping with hiring of new staff. Identifying additional roles needed to keep up with growth of the company and to deliver value-added services.
- Implementation of Standard Operating Procedures (SOP's). Documented key internal day-to-day processes.
- Benchmarking. Our experience and industry expertise allows us to identify opportunities for shared services and provide companies with comprehensive benchmarking

against industry leaders.

- Elimination of silo mentality. Regular staff meetings and liaisons established between departments.

A well-designed organization leads to significantly improved results and employees who are empowered and committed to the business as roles and responsibilities are better defined.

Restructuring is not easy. In fact, it can be a daunting task. But when done right, it can lead to greater efficiency, improved productivity and better communication among team members. The good news is, restructuring can benefit any type and size of business.

### ABOUT THE AUTHOR

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