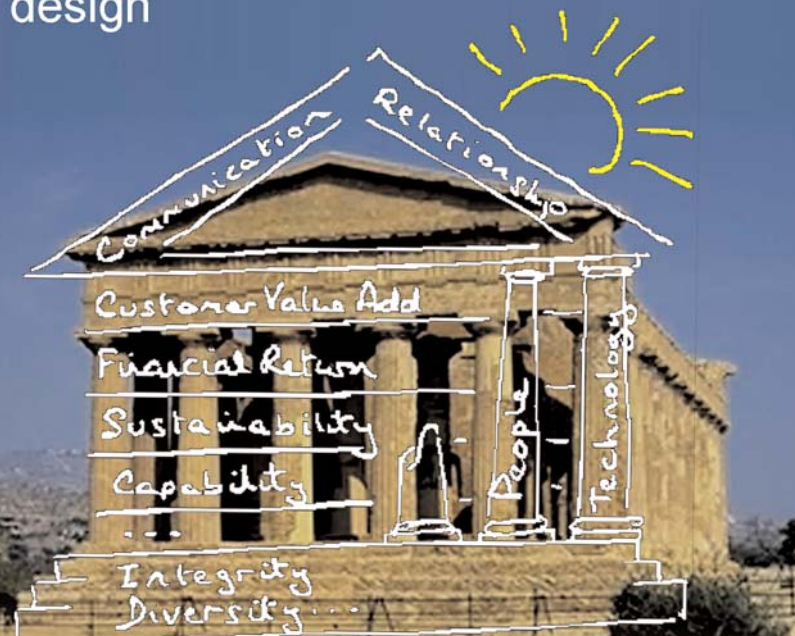


How To Build A Better Business

A brief guide to organisation design



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Tesseractacts

**How To Build a Better Business:
A practical guide to organisation design**

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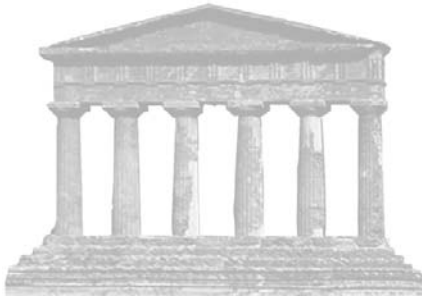
A practical guide to organisation design

Dedicated to Yahweh, my dearest friend and mentor, without whose help and guidance this book would never have been written.

And with grateful thanks to Zoë, his business partner, who provided both the impetus and the central metaphor. (Relating business design to building a house.)

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Preface

What does 'better' mean? More powerful? More efficient? More environmentally friendly? More spiritual? More agile?

All of these things?

What we mean by 'better' is 'more in conformance to requirements'; your requirements; the specification you as the designer place upon your design. 'Better' means anything you determine it to be. As the designer, you can specify anything you want for the output of your business. For instance:

In 2000, Emerson drove up the performance of their world-wide supply chain three fold; a year earlier, Smith and Nephew improved the overall performance of its Research Laboratories

by 50%; and since then their successes have been carried over to other organisations, including Microsoft who improved the performance of a key partnership by 80%, and Siemens who has doubled the performance of its Shared Services business. No tricks, no magic, just plain well-structured design.

You too could specify such performance improvements for your own organisation. You could, quite literally, plan to double your profits over the next year, should you wish. However, whether it will be realised, or whether it will remain wishful thinking, will be determined almost entirely by the quality with which you plan and implement your design.

And that is what this book is all about. It is a practical step-by-step guide to business design. It is a simple walk through the design process used by Emerson, Microsoft, Siemens and Smith & Nephew to generate their performance improvements.

But before we continue any further, let us just take a reality check. Are you thinking: "But it can't be that easy!"? You would not be alone if you are. In business, this is the most common response to such a story. We see too much flim-flam from the vendors of 'miraculous cures' to be any other way.

But there is a dilemma here. On the one hand, you know there is no magic to driving up business performance: you know that the essence of every successful fad over the last twenty years has been good well-thought-out common sense. But on the other hand, you know that in your business, as in most others, good well-thought-out common sense is not actually that common. And you are right!

You appreciate that it is *technically* possible to transform your performance, but the complexity and uncertainty inherent in

your business make it extremely difficult to 'well think-out' anything of this magnitude. To be contentious and blunt for a moment: You know there is no miracle formula, but you are waiting for one to appear, because anything else is just too difficult at the present!

But was it any easier for Emerson, Microsoft, Siemens or Smith & Nephew? Are they any less complex, their people any less 'human', their customers and markets any less demanding, their technology less cutting edge, their partnerships less crucial? And yet they took it on themselves to redesign their organisations to achieve radical levels of performance improvement. And they succeeded. Can you really say that their situations were *that* much different from yours? Can you really cite one thing, one edge, that made it easier for them than it would be for you?

Well, there was perhaps one!

Faced with the realisation that what they were undertaking was in reality a design task, they turned to the world of design to seek disciplines and methodologies that would help their thinking. The discipline that they adopted was one that is called Quality Function Deployment (QFD), the key tool of which is known as 'The House of Quality', or 'house' for short, owing to its appearance.

There was no magic, no flim-flam. In every case, the organisation took it upon itself to invest the management time necessary to properly think through the design of their organisation. The management teams made weeks available to properly consider what they were trying to achieve and how best to deliver it. They took performance improvement seriously, and their dramatic improvements were simply an outcome of that investment; they

were a natural consequence of a capable team making the time to calmly and comprehensively consider what was to be done. All the QFD did was to ensure that their investment of time was efficiently structured.

Their experiences have been written about in 'Managing by Design: Using QFD to transform management performance' published by Tesseract, ISBN 0954302109. It contains everything you need to know to apply QFD based approaches in a wide variety of situations. It has examples, colour diagrams, case studies, options, cross-references, and even a novel to help the reader to understand how they might adopt and adapt QFD to best suit their organisation.

But therein lies a problem. Even with its story based style, 528 pages and 1.25Kg is more than a little daunting to the average reader who just wants to gain a full understanding before committing him or herself. It is not easily completed on a train journey, or flight, and it easily gets forgotten on the bookshelf amongst a plethora of other books.

But you are not reading 'Managing by Design'; you are reading this book. And you are reading this book because you want some clear and simple messages which you can assimilate quickly, which you can evaluate easily, and which you can confidently put into practice when the time arises.

And that is what this book is all about:

- Brief introductions to the essentials
- Straightforward analogies
- Directly related to your business

- With immediately applicable benefits

And then, once you have achieved some practical benefits, and you want to build further on what you have achieved, well, you can always delve into 'Managing by Design' at that point.

While on the subject of making things a little easier, we also appreciate that the official name the design community uses for the methodology, Quality Function Deployment, can itself be off-putting. The alternative name for the core tool, 'house', is far more friendly, and provides an analogy which we use extensively in this book to demystify the key steps of QFD.

We have related each of the steps to stages in building a large house:



Laying the Foundations: Looks at the fundamental values your business is based upon and provides a way of ensuring that those values will underpin the whole of your design.



Platforms of Virtue: Relates the floors of your house to your key business objectives. It asks how your values impact in the real world, and provides simple steps to translating your values into compelling business objectives which have the collective ownership of your team.



Pillars of Success: Helps you to think through how your organisational structure supports your business objectives, and it suggests ways of adapting the structure to develop greater clarity and strength.



Rooms with a View: Like windows, the intersections between each part of the structure and each of the objectives create unique perspectives on how the business works. This chapter shows how these perspectives can be used to identify and harness hidden potential.



Appointing Tenants: Explains how responsibility for implementing and progressing each part of the business design can be delegated, and provides clear guidelines for effective and systematic 'tenancy' of that responsibility.



Furnishing with Style: Looks at how tenancy provides real opportunities to engage the commitment and creativity of all of your staff in ensuring each part of your business is designed to realise its full potential, and provides practical steps to make this happen.



Under one Roof: Explains how the 'roof' of the 'house' provides an excellent mechanism for ensuring that all the separate parts of the business communicate and work together to achieve the business objectives, despite changes in the external climate.



Building Maintenance: Provides guidance on the tools that are necessary to keep your design finely tuned and your business at peak performance on an ongoing basis. It provides a practical answer to business agility.



Semi-Detached Buildings: Looks at how the 'house' can be used between organisations to build strong partnerships and thereby further hone core competences and extend the competitive reach of your business.



Moving On: Considers how, having mastered the basics of business design, you can build on these capabilities and further extend your, and your organisation's, thinking in these areas.

We would wish you luck in putting the thinking in this book into practice in your own organisation, but we know it is not luck. It is careful thought and commitment. This book simply provides the most effective mechanism to guide that careful thought and commitment and to ensure it is applied efficiently.

