West Michigan Business Review

Volume 4 | Issue 1 Article 12

1-1-1998

Organization Redesign: A Case Study

Ceasar Douglas
Grand Valley State University

Follow this and additional works at: http://scholarworks.gvsu.edu/wmbr

Recommended Citation
Douglas, Ceasar (1998) "Organization Redesign: A Case Study," *West Michigan Business Review*: Vol. 4: Iss. 1, Article 12.
Available at: http://scholarworks.gvsu.edu/wmbr/vol4/iss1/12

This Article is brought to you for free and open access by the Seidman College of Business at ScholarWorks@GVSU. It has been accepted for inclusion in West Michigan Business Review by an authorized administrator of ScholarWorks@GVSU. For more information, please contact scholarworks@gvsu.edu.

Organization Redesign: A Case Study

Ceasar Douglas, Management Department, Seidman School of Business, Grand Valley State University

Organization Redesign:

Organization redesign is defined as the set of managerial actions used to change an organizations' technologies, processes, and structure. The purpose of redesign efforts is to improve organizational effectiveness, problem solving, and ability to adapt to a continually changing environment. Recently, there has been an increasing interest in the various activities that may influence the organizational redesign process. This interest is driven by the plethora of metaphors associated with the redesign activities. Labels such as re-engineering, delayering, restructuring, only provide a partial view of the shifting organizational landscape, the causes, and effects of redesign activities. Managers and organization members stand to benefit from a better understanding of the environmental and organizational factors involved in redesign activities.

Current State of Redesign Activities:

Today most organizations are in transition. Over the last 15 years, nearly 300 of the largest companies in America have disappeared. In the view of some scholars, organizations are changing more rapidly than the theories developed to account for the redesign activity. The redesign activity taking place today closely resembles experimentation or work in progress. Organizations are at the forefront in developing new ways to use human resources and technology in the redesign process, and they are attempting to optimize the interaction between their technical and social systems in order to improve their responsiveness to the external environment.

Organizations lack sufficient empirical data to guide their redesign efforts. Managers realize the importance of flexibility and responsiveness, but are hampered in their ability to effectively implement redesign programs due to limited information and frameworks. No text book formula exists for redesign activities; however, there are some recurring issues. Workers need access to accurate information and greater involvement in the decision making process, and organizational structures are flatter. Indeed, the rapid development of new environments and information technology mitigates the evolution of new organizational design forms. Nonetheless, it is the lack of empirical data that positions managers to make redesign decisions based on experience and learning.

Factors Affecting Redesign Activities:

Organizational redesign activities are affected by several factors; the current level and growth rate of turbulence in the external environment, the use of information systems to increase the availability of operational information, and the role of organizational culture as a powerful influence on organizational structure and individual performance.

External environment. Organizations today are facing an unparalleled level of turbulence in their external environments. Typically, organizational forms arise to cope with new environmental conditions, and result from a variety of experimental actions taken by innovative companies. Thus, it is important for an organization to recognize the external factors that contribute to the turbulence and to accept an organizational structure that accommodates change. Increased competition, associated with the globalization of product and service markets, has firms searching for ways to develop and maintain a competitive edge. As evidence of the globalization effect, in 1960 less than 10 percent of U.S. firms faced international competition, however, today more than 70 percent face international competition. In the face of intense competition, firms must increase flexibility to become more responsive to changes in their external environment.

The role of information systems. In response to environmental turbulence, organizations need to resemble information-processing and decision making systems, rather than production systems. As a requirement for success in today's environment, organizations must make timely, informed decisions, and information processing is a vital component in this success. When information systems are used to disperse information throughout the organization, decision making can occur across a greater range of hierarchical levels without suffering quality or timeliness. Organizational redesign activities should emphasize improving the flow of information, which if done correctly, will improve organizational responsiveness. Information systems are vital to redesign activities because of their ability to increase communication, and expand the knowledge base of all organization members.

Organization culture. An organizations' culture can impact economic success by affecting the organizations' ability to adapt to currently changing markets, environments, and paradigms. We view organization culture as a moderator in the redesign process, affecting the managers' ability to change to the functional and structural components of the organization. Culture is a major influence on the structure of the organizations because it provides consistency, order and structure for activity, establishes communication patterns, and determines the nature and use of power. An organization's culture can either assist or derail redesign activities. For instance, an organization's culture may direct the organization to either encourage or resist change. That is, when faced with identical incentives to change, two firms might respond differently according to the prevailing culture. Culture can either be a liability or an asset; however in either case, it is a factor in the redesign process which managers have little or no control over.

Field Study at Herman Miller:

The field study at Herman Miller consisted of structured interviews with 21 plant employees at the Zeeland Machine Processing (ZMP) facility located in Zeeland, Michigan. The personnel interviewed included five middle to upper level managers, six supervisors, four production schedulers (non-professional staff), and six plant operators (hourly employees), with a tenure range of 18 months to 20 years. Interviews were designed to gain information on the redesign activities that were taking place at ZMP, and to gain a first hand account of the process.

Interviews at ZMP:

The redesign effort at ZMP involved organizational structural changes and a greater reliance on information systems. The responses listed represent a consolidation of the 21 interviews. The interview data was consolidated by organizational perspective (i.e., hourly, staff, managerial) to expose the range of issues or problems that were encountered during the redesign activity.

In general, what do you perceive as the major driving force or forces behind the organizational changes?

The production schedulers and plant operators believed that competition was the driving force behind changes, requiring an adaptable flexible work force. However, four of the five managers spoke of the organization's leadership responding to changes in the office furniture industry. The division on this issue, driving force of organizational changes, may be related to their proximity within the organization. Employees in the lower level of the organization relate more to presence of a competitor, while employees in higher levels relate more to the bigger picture, which involves corporate leadership.

Has there been a change in the focus of the corporate culture at Herman Miller during this period?

The managers believed that the corporate culture at Herman Miller has always been one where employee participation is important; however, they also believed that people had become complacent with Herman Millers' past success. Hourly and staff employees noticed a change in the culture, they saw more room for creativity and greater opportunity.

What type of structural changes have you observed over the last several years?

All personnel interviewed acknowledged a reduction in the layers of management. Specifically, the managers placed the former structure at eight or nine levels, but now recognize only five. Managers mentioned that the decision making process is being decentralized, "the goal at ZMP is to push decision making to the lowest possible level". They also stated that, "as managers we are redirecting our focus, and no longer thinking in terms of command and control of resources". The production schedulers talked specifically about the combining of functions, and reporting cross-functionally, "As an organization we have reorganized into 'product sector' groups, (i.e., systems, seating, new product development, etc.), and as individuals we are now working to establish a functional, adaptable, relational organization".

Do you view the structural changes as a transition to a new organizational structure or as a modification of the existing structure?

The changes are viewed as permanent. Managers believe they have created a new structure, and one of them stated that, "the importance of a flexible work force has made the changes necessary, we have witnessed a "breakdown" of the former organizational channels, and that all of the changes are leading in the same direction, creating a new organizational structure."

Have information systems changed over the last 1-3 years to meet changing information requirements? If so, how?

A manager, who was directly responsible for the site information systems, stated that, "there has been a marked increase in the use of information systems, probably as much as a 300 to 400 percent difference." The plant supervisors spoke of the current drive to eliminate all paper work on the shop floor. However, all personnel acknowledged the increase use of information systems.

What role has the information system played in simplifying organizational changes?

Information systems have made it easier for managers to delegate responsibility. The information systems aid in the decision making process. All plant personnel have access to the information systems, and this aids them in taking on additional responsibilities.

Conclusion:

The redesign activities at Herman Miller were initiated for the typical reasons; turbulence in the external environment, increased competition, a need to reduce costs and lead time, and a need to create an adaptable and flexible work force. The interview information validates Herman Miller's movement toward a new paradigm. On several occasions, employees mentioned that the goal at Herman Miller was to establish a functional, adaptable, relational organization. This goal follows the new paradigm's guidelines of adaptability, and stressing the importance of relationships. Based on this theme, the structural changes and the use of information systems blended with the existing organizational culture. The redesign process at Herman Miller focused on structural changes and the human aspect of their operation.