

Chapter 4 Organizational Redesign

Diagnosis exposes the current realities of organizational life, with particular attention to the fit between patterns of employee behavior and the strategic requirements of the firm, to discussion and analysis. Combined with mutual engagement, diagnosis provides both the motivation for and target of change. Now, employees can engage in a process of organizational redesign to help shape required new behaviors. Redesign provides a sense of direction for the change effort.

This chapter will analyze the complexities of design choices made to support change implementation. In particular, this chapter will:

- Define organizational design and differentiate between formal and informal design elements
- Explore the main challenges posed by organizational redesign
- Appreciate the special design challenges faced by multinational companies
- Analyze the requirements for building collaboration in an organization
- Discuss the dynamics of changing the design of an organization in order to impact patterns of behavior

First, we will look at the design challenges faced by the CEO of one of the world's oldest and largest humanitarian organizations. As you read this introductory case, ask yourself:

- Why was the original, decentralized design of CARE less effective in addressing 21st century issues than it had been in CARE's earlier years?
- What do you think the challenge will be in promoting collaboration across national units of CARE?
- What steps might Dr. Helene Gayle take to promote the improvements she hopes for?

Dr. Gayle Brings Collaboration to CARE

CARE, one of the world's leading nongovernmental organizations, was created to provide aid to devastated European countries in the immediate aftermath of World War II. When Dr. Helene Gayle became CEO in 2006—after working at both the Center for Disease Control and the Bill and Melinda Gates Foundation—the mission had changed considerably. Under the broadly stated mandate of “Defending Dignity, Fighting Poverty,” CARE expanded its reach. The organization described its new mission this way:

CARE is a leading humanitarian organization fighting global poverty. We place special focus on working alongside poor women because, equipped with the proper resources, women have the power to help whole families and entire communities escape poverty. Women are at the heart of CARE's community-based efforts to improve basic education, prevent the spread of HIV, increase access to clean water and sanitation, expand economic opportunity and protect natural resources. CARE also delivers emergency aid to survivors of war and natural disasters, and helps people rebuild their lives.¹

Dr. Gayle believed, however, that CARE was better designed to serve its past mission than its future opportunities.

The organization Dr. Gayle found when she became CEO was designed in a way that maximized the autonomy of country offices: France, Germany, Italy, and so forth. “The country officers raised most of their own funds and were used to being on their own,” she explained, “having a lot of autonomy, and not thinking about the greater whole.”² The managers in the organization were “comfortable” with that highly decentralized design, but Gayle believed the approach undermined CARE's effectiveness. Now, the organization had to learn how to collaborate across national borders. “To do that,” she said, “we had to ask, ‘How do we make the whole greater than the sum of its parts?’” The organizational change would require both improved information sharing across country units and more rigorous measurement of results to evaluate effectiveness.

One of CARE's first efforts at cross-country collaboration involved a project called Access Africa. That microfinance program (making small loans to encourage entrepreneurial efforts in poverty regions) was a 10-year investment commitment targeting 39 sub-Saharan African countries with a combined population of 150 million. “In 10 years,” Gayle noted, “we'd like to be able to look back and say, ‘Wow, this is very different than if we had continued to function as separate country units.’” Still, she could not deny the challenge of implementing this change.