Strategic Organization Design -
Mapping Out a New Organization for Innovation
Restructuring for Profitability and to be Competitively Sustainable

In the Information and Communication Technology space, the telecommunication (telecom) industry is both diverse and extremely competitive. The industry is also rapidly changing because of consumer needs as well as advancements in hardware and software solutions. In order to stay ahead of the shifting business landscape, many telecom product and service companies are establishing strategic alliances and gaining economies of scale through mergers and acquisitions, including cross-border ones. Moreover, to be profitable means going beyond satisfying existing customers – that is, looking for new markets and tapping into the under-served customer segments in emerging countries. This form of “globalization” creates growth opportunities as well as challenges.

One such company faced these business dilemmas after an acquisition. This medium-size European firm provides software solutions for a range of mobile devices. To meet customer demands, the firm acquired another software company to augment its mature line of product offerings. Conceptually, bringing these two companies together made good business sense. From financial and non-financial perspectives, the venture had many concerns. These concerns became apparent during the integration phase as the two companies merged and restructured the operation to be one entity.

Restructuring is change and the transformation of an organization, its identity, and its processes. This in turn necessitates a critical understanding of how the new organization should be structured to reflect the strategic goals and value proposition. In this telecom example, it was the materialization of a brand representing quality and the value proposition of innovation. The new structure must also be constructed to optimize the lines of business and promote an efficient development and deployment process. It has to enable the company to be nimble and responsive to its external partners as well. Most of all, the organization design will have a significant influence on the overall company culture and its identity. This last point is the foundation for a healthy and productive organization, an important factor in sustainability. It is particularly vital to recognize this when blending different company *and* country cultures on top of multiple languages and diverse professional styles.

In mapping out a new organization design to accomplish all these elements, certain guiding principles have to be in place. There are four essential principles, each with considerations of tangible and intangible implications along with market and non-market outcomes. The first and most critical from a design perspective is: strategy before structure. It is crucial to have an articulated set of company goals for which each person and each unit within the organization are oriented. The second underpinning is to examine and construct the building blocks necessary for a solid design foundation: the strategic grouping, the strategic links, and the alignment. Thirdly, the generation of design alternatives must include an understanding of what areas were not optimal or needed improving from the original situation as well as keeping in mind the viability of implementing each of the suggested alternatives. Lastly, in formulating a new organization design, it is important to recognize that although there should be no pre-existing or pre-determined structure, there exist inherent and limited resources, such as human and financial capital. By using these guiding principals, an organizational structure can be created in a systematic manner which will provide clarity around the company's business direction. Furthermore, they also serve as a road map for the transformation in addition to a communication frame-work for internal and external stakeholders.

Even though the restructuring of this particular telecom company took only five months to complete, strategic planning and communication activities played pivotal roles in assuring the work-force and the customers that the organization was not frozen in time during this process. Moreover, through a variety of methodical information gathering vehicles, it was possible to gauge the temperature of all of the stakeholders, size the internal and external expectations, and control the risks associated with this change. Therefore, when looking at mergers and acquisition, creating strategic alliances, or dispersing a firm's value chain cross-border, the success of these ventures lies with fore-thinking and planning in order to understand and manage the market and non-market factors equally.

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