



# Accelerate and Optimize the Organization Design

## Managers who use models make decisions faster and develop their plans with better information

An aerospace and defense company needed to reorganize their engineering services division. The government was reducing its defense budget and shifting its emphasis from developing new systems to maintaining those already deployed. The company was taking on more commercial business with different requirements than their traditional defense work.

The executive design team defined their objectives for the new organization:

- Reduce manpower to match expected revenue
- Sustain strategic capabilities and skills that cannot be easily replicated
- Match the structure to the new mix of work
- Be more efficient than the legacy operation
- Adapt easily to changing business requirements in the future

## Lots of Ideas, Little Consensus

The design team generated many good restructuring ideas but made little headway toward a consensus recommendation. It is difficult to translate general concepts such as product families or skill groups into specific structures, processes, behaviors and systems. Organization charts alone are not much help in this regard. Individuals often hold different definitions of operating principles such as robust, flexible, generalist, or specialist and don't agree on what they mean or which ones are better for the business.

Two-dimensional organization charts – boxes and lines – are not adequate to describe complex systems such as large and diverse engineering teams. They do not quantify business outcomes or help drive consensus. The executive team needed a more powerful design tool.

## A More Powerful Picture

ePM consultants built a SimVision® simulation model to help the design team decide how to reorganize the division.

## Challenge

*An aerospace and defense contractor needed to reorganize their engineering division. The executive design team had plenty of good ideas, but could not reach a consensus.*

## Solution

*ePM consultants and the client team used a SimVision simulation model to compare restructuring ideas, decide on a new plan and optimize the design.*

## Benefits

*Using a simulation model allowed the design team to:*

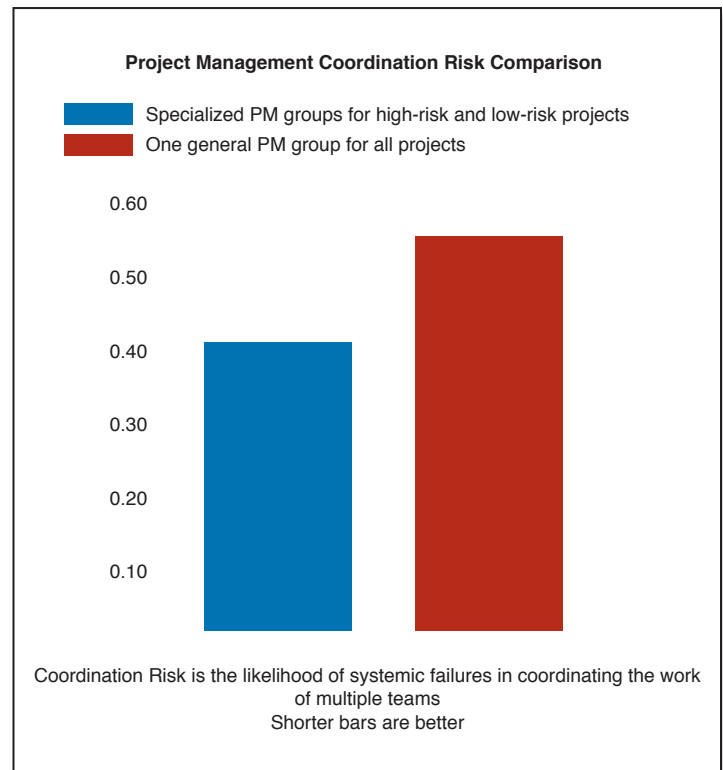
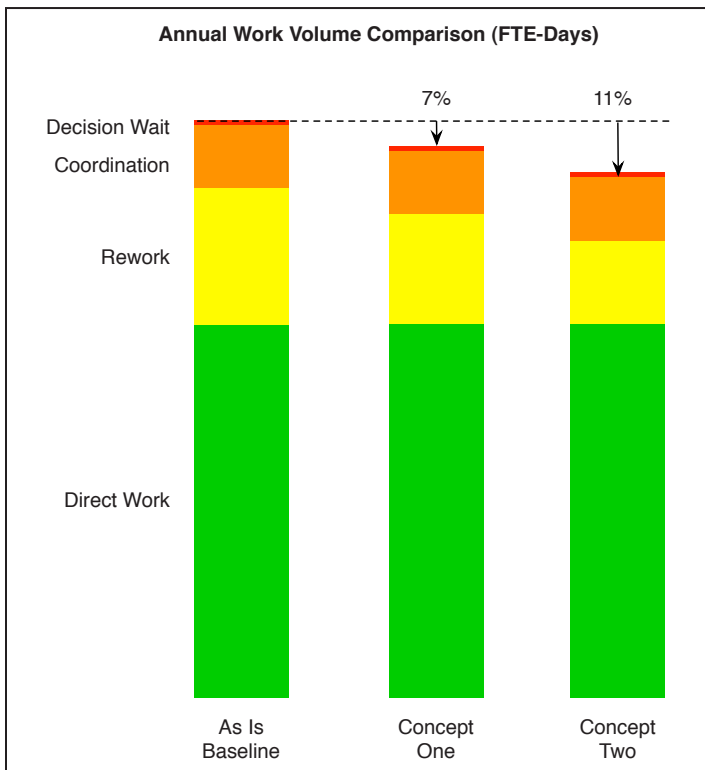
- Translate abstract concepts into specific structures, processes and behaviors
- Inform their deliberations with quantitative data
- Quickly reach a consensus decision
- Optimize the reorganization plan

SimVision models are much more powerful than simple, two-dimensional organization charts. They use more than forty dimensions to describe organizational behavior norms, skills, experience, capacity, workloads, complexity, communication, coordination, and decision-making. A SimVision diagram is also a simulation model: virtual organizations performing work. It quantifies business outcomes and compares the benefits of different concepts.

## Clear Thinking and Quantitative Information

The model showed the design team how abstract concepts such as flexible skill groups translated into structures, work processes, leadership behaviors, governance systems, information requirements and business outcomes. The executives used the model to compare reorganization ideas, refine the operational details, and home in on a consensus solution. Opinions and abstractions gave way to quantitative data and business performance measures. For example, the model quantified how much efficiency could be gained by streamlining the structure.





*Streamlining the organization structure could effectively reduce the total work effort by more than 10 percent while maintaining quality and throughput*

*With two specialized project management teams, coordination is 25 percent more reliable while manpower and throughput remain the same*

The design team wondered whether it would be advantageous to divide project management responsibilities into two specialized groups. The model showed that the two-group approach would be about 5% more cost-efficient and 25% more effective at communication and coordination.

### Rapid Consensus

It took just a few days of working with the simulation model for a preferred reorganization plan to emerge. The design team had thoroughly examined their options, understood how the new organization would operate, and were aligned on how to implement it.

*ePM's patented SimVision® technology is the first and only commercial simulator of organization behaviors. It is the culmination of 25 years of Stanford University research and 10 years of application by ePM in myriad industries. Organization simulation models ...*

- Quantify your "gut instincts"
- Inform your deliberations with scientific fact
- Allow you to reach decisions faster and act with greater confidence

### The ePM Advantage

ePM combines science and experience to engineer high-performance organizations with precision and reliability. We use powerful simulation technology to mitigate organizational risks; facilitate team alignment on processes, roles and expectations; help leaders gain the skills to elicit exceptional performance from their people.

### For More Information

Please visit our web site at [www.epm.cc](http://www.epm.cc) or e-mail [marketing@epm.cc](mailto:marketing@epm.cc).

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