## Organizational Restructuring

### The Challenge
- Facilitating better alignment between technology and the business units
- Focusing organizational strengths on delivering business value despite frequent distractions
- Helping top management to understand tradeoffs and be willing to make tough decisions
- Determining how to avoid duplication of effort in order to increase efficiency
- Increasing the percentage of successful projects

### Our Approach
- Develop organization structures and procedures that support the business strategy and requirements
- Structure migration to minimize disruptions in efforts and client relationships
In assessing and redesigning a technology organization, it is critical to understand the interrelationships among diverse structural, procedural and interpersonal elements.

Organizational Analysis Framework

Considerations During Redesign

- Manage based on a Technology strategy that is aligned with corporate and business unit strategies
- Develop organizational capabilities matched to business needs
- Manage systems, infrastructure and capabilities as interrelated portfolios of assets
- Measure and continuously improve key metrics to increase value delivery
- Structure (and restructure) to increase performance
- Use standards to promote efficiency, effectiveness and quality
- Locate delivery responsibility where most (cost) effective
- Select, develop and retain the staff needed to execute strategy
- Assess and select tools, platforms and connectivity to meet long-term business needs, not to be state-of-the-art
- Measure and build the value of the organizational infrastructure
- Ensure alignment among the framework layers
- Consciously (but pragmatically) address the “soft” elements
Organizational Redesign

Structural change in a technology organization must accommodate the demands of both the business organization and the professional discipline of IT

Our Approach

- **Business Strategy**
  - Strategic Objectives
  - Market Strategies
  - Delivery Strategies
  - Financial Strategies

- **Technology Strategy**
  - Agreed Mission
  - Target Architecture
  - Organizational Approach
  - Processes and Standards
  - Key Performance Indicators
  - Technical developments – both current and anticipated

- **Current Competencies**
  - Client Surveys
  - Diagnostics
  - Performance Metrics

- **Required Competencies**
  - Organizational Management
  - Project Management
  - System Design and Development
  - Architecture
  - Deployment and Support
  - Business Expertise
  - Capacity / Scalability
  - Flexibility
  - Cost Effectiveness

- **Organizational Alternatives**
  - Staff Profiles
  - Structural Designs
  - Ownership Models
  - Management Processes
  - Development Processes
  - Development, Support and Operational Infrastructures
  - Industry Experience / “Effective Practices”
  - Organizational Experience

- **Gap Analysis**
  - Identify Deficiencies
  - Assess Strengths
  - Prioritize Findings
  - Capture Performance Baselines

- **Planning**
  - Narrow and Select Alternatives
  - Obtain Approvals and Buy-Ins
  - Develop Phased Deployment Plans
  - Analyze Resource Requirements

- **Execution**
  - Obtain Resources
  - Execute Plans
  - Track Benefits

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Organizational Capabilities

The current competencies in an organization represent a short-term constraint and a long-term opportunity for improvement

Organizational Capability Breakout

- Leadership
  - Strategic vision
  - Effective decision-making
  - Bi-directional communications
  - Organizational dynamics

- Execution Skills
  - Industry knowledge
  - Project management abilities
  - Technical competence
  - Interpersonal skills

- Processes
  - Effective recruiting
  - Capital investment selection
  - Training and skills building
  - Management reporting

- Human Resources
  - Performance-based compensation
  - Market competitive terms
  - Career opportunities
  - Merit-based promotions
Roles, Responsibilities and Structure

While a variety of organizational structures can succeed, it remains essential that all critical roles are appropriately assigned and subject to strong oversight and coordination.

**Resource Providers**
Oversee resource pools, set standards, find opportunities to share efforts, drive skill development, handle HR functions (include recruiting, rotation/career pathing, evaluations, promotions)

Note: The roles shown will not necessarily correspond to positions; one person may fill multiple roles or may fill the same role on more than one team

**System Support Teams**
(One per major system)
Ongoing teams to support routine updates, bug-fixes, customer requests, etc. and to execute smaller projects

**Major Project Teams**
(Where requested by Sponsor)
Finite duration teams formed to achieve specific objectives exceeding the capacity of the Support Teams
Organizational Models

The degree to which IT organizations are centralized has varied widely across firms and across time on the Street

Models of IT Centralization

**Centralized IT**
- Corporate IT
- Core IT Functions
- Business IT Group
  - Equity Sales
  - Fixed Income
  - Investment Banking
  - M & A

**Advantages**
- Simplifies coordination
- Fosters integrated systems
- Potential for shared development
- Enforceable standards and policies
- Centralized cost management

**Disadvantages**
- Divorced from business planning
- Promotes us vs. them mentality
- Budgeting separate from benefits

**Hybrid IT**
- Corporate IT
- Core IT Functions
- Business IT Group
  - Equity Sales
  - Fixed Income
  - Investment Banking
  - M & A

**Advantages**
- Can share best of both
- Effective organizations balance features to their advantage
- Can adjust to meet changes

**Disadvantages**
- Can share worst of both
- Confusing for unit IT heads
- Forces IT to negotiate standards
- Can exacerbate confrontations

**Decentralized IT**
- Shared IT Functions
- Corporate IT

**Advantages**
- Closely aligned with the businesses
- Flexible in responding to needs
- Easier to link costs and benefits
- Simplified lines of management

**Disadvantages**
- Discourages sharing / reuse
- Leads to undisciplined approaches
- Inconsistent methods and designs
- Hard to deliver integrated systems

A regimen of periodic adjustment across the spectrum of centralization also can be used to balance the benefits of each extreme.