

Summary of design principles for simplification derived from three perspectives

Perspective:	Key focus area(s):	Diagnostic questions:	Symptoms of potentially unnecessary complexity:	Design principles	
				Goal:	Solution:
<b>Functional</b>	Unit mandates, missions, KPIs, and goals	<ul style="list-style-type: none"> <li>What is the mandate/mission of the different internal units?</li> </ul>	<ul style="list-style-type: none"> <li>Overlapping or conflicting unit mandates</li> </ul>		1. Establish sub-units with focused mandates
		<ul style="list-style-type: none"> <li>When we implement measures to maximize Function or Goal A, what effect does this typically have on our ability to maximize Function or Goal B?</li> </ul>	<ul style="list-style-type: none"> <li>Role conflicts</li> <li>Contradictory goals and KPIs</li> <li>Sub-optimization</li> </ul>		2. Separate roles with conflicting goals in different sub-units
<b>Information processing</b>	Work process interdependencies	<ul style="list-style-type: none"> <li>Who needs information or resources from whom to complete their tasks?</li> </ul>	<ul style="list-style-type: none"> <li>An excessive number of interdependencies; frequent iterations</li> </ul>	<i>Reduce complexity</i>	3. Define standards or “design rules” to remove reciprocal interdependencies in work processes
		<ul style="list-style-type: none"> <li>To what extent are interdependent roles grouped together in the same team/unit?</li> </ul>	<ul style="list-style-type: none"> <li>Poor alignment between processes and formal structure</li> <li>High coordination costs; “overcollaboration”</li> </ul>		4. Identify a modular grouping of roles to minimize inter-unit and maximize intra-unit interdependencies
<b>Stratification</b>	Management layers	<ul style="list-style-type: none"> <li>What is the number of management layers (relative to the size of the firm)?</li> </ul>	<ul style="list-style-type: none"> <li>An excessive number of layers; high “organizational distance” with regards to approvals</li> </ul>		5. Define a requisite number of management layers; estimate the appropriate span of control taking into control the “managerial load” for each unit
	Reporting lines	<ul style="list-style-type: none"> <li>Is the span of control appropriate?</li> </ul>	<ul style="list-style-type: none"> <li>Lack of clear accountabilities; role conflict and ambiguity</li> </ul>		6. Substitute matrix reporting relationships with internal customer-supplier relations
	Decision and approval rights	<ul style="list-style-type: none"> <li>To what extent are roles and responsibilities clear?</li> <li>Who, or which decision bodies, must be consulted to obtain approval?</li> </ul>	<ul style="list-style-type: none"> <li>Multiple governance committees or review boards with inconsistent demands</li> </ul>		7. Minimize the number of governance committees and review boards, and align their purpose and mandates