

CHAPTER 5

Aspects of organizing

As we have seen, there is no ready-made solution for shaping organizational structure in any given situation. Managers would therefore do well to look at a number of questions, given below, which should greatly facilitate the work of shaping an effective theory.

1. What is the ideological basis?
2. What are the symptoms?
3. How do we coordinate organization work?
4. What is to be dealt with **at the center** of the organization and what is to be **decentralized**?
5. *Organization limits* – where does the organization begin and where does it end?
6. How to *balance renewal with stability*?

What is the ideological basis?

Fundamental to any discussion about organization, whether new organization or otherwise, are of course business mission or operating concept, vision (ambition level) and strategies. We make this seemingly trivial statement because we have come across situations where organization seemed to be the goal, rather than the means to a goal. Although it may be a truism to say that an organization is started or reorganized in order to further its aims, this is forgotten more often than we would care to remember.

Organizing for change, shifting people around and so on is all very well, but the primary purpose of reorganization should be to promote the success of the organization on the basis of its business mission, goal image, etc.

Often used in connection with reorganization are the terms business mission, vision and strategy. Also used are operating concept, long-term goal image, ambition level, and so on. Other terms are also used and the semantics is not, unfortunately, always clear. Some may appear to be either vague or unrealistic, and some people may radiate positive energy when using their favorite term, but surely the lesson here is that we must be sure of what we are talking about!

Business mission (operating concept)

All organized activity is based on creating a value that is higher than the cost of producing this value. It is through this somewhat irrational sounding sentence that we can come to grips with the elements of the business mission.

A review (and update) of a company's business mission (an organization's operating concept) and a specification of owner expectations are basic elements of optimal organization. These two fundamental points will determine the scope and form the framework for continuation of the work. Ambitions and visions may have deviated from the business mission, as well as from owner expectations, hence the requirement for precision.

The business mission is comprised of

1. Needs and demand
2. Customers and distributors
3. Offering of goods and services
4. Core competence
5. Competitive advantage.

Outside the commercial sphere, a business mission can also be called an operating concept. A business mission indicates an or-