

Chapter XI

ORGANISATION AND MANAGEMENT

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Chapter XI

ORGANISATION AND MANAGEMENT

Purpose of this Chapter

In today's competitive environment, investors, to whom the development plan is addressed, therefore also wish to take a close look at the operator's plan for organisation and competence development and for improving efficiency and performance of the organisation, before they make up their mind. This is why the outputs listed below should be part of the overall development plan.

Outputs to be obtained

- an organisation chart showing the structure of the organisation 3-5 years from now;
- objectives, responsibilities and functions of all the major organisational units;
- a plan for how to change the current organisational structure into the new structure;
- statements of management policies and principles (financial, human resources, materials, etc.).

Inputs

- business concept;
- telecommunication policies and strategic plans - relations between plans;
- overall objectives, including service quality objectives, productivity improvement objectives and owners' financial objectives (from Chapter 3);
- information on present organisational structure and performance, its strengths and weaknesses, competencies and tools;
- guidelines provided in this Chapter.

Content of this chapter

To assist in the production of the outputs listed above, this chapter provides a summary of current trends in organisation development and management principles and will give some examples of modern organisational structure and management principles. These should be seen as rough blueprints rather than ready-made models and need to be adapted to the specific environment of each organisation. *Flexibility* and *adaptability* are essential features of a successful organisation and, like everything else in a business-oriented development plan, *all the outputs above must be regularly updated*.

The *process* of organisation development depends on the history and environment of each organisation and will therefore vary from case to case. Some basic guidelines for *how to* change from a traditional hierarchical, technology-driven organisation to a service-centred, market-driven and customer oriented organisational structure and culture are nevertheless also included in this chapter.

Chapter XI

ORGANISATION AND MANAGEMENT

11.1 Organisational structures

11.1.1 Trends in organisation development - the "learning organisation"

The most successful organisations are "learning organisations", which adapt continuously their structure, working procedures and tools and develop their competence to meet new challenges in the changing environment. Some of these challenges and changes are of a global nature but others are determined by local conditions. Therefore, there is no single model for the structure of a telecommunication organisation, which is applicable to all.

The trends towards:

- decentralisation and delegation of responsibility and authority
- leaner and flatter organisations
- matrix organisations

appear to be universally applicable as means of improving performance.

The creation of *project groups* or *teams*, which bring together staff members with the required combination of competencies for a particular task, has also proven to be an effective means of performance improvement. Such teams are often "self-managed" and tend to reduce the importance of the formal organisational structure also because they include staff from different units.

11.1.2 Organisational charts

Figure 11.1 is an example of an organisational chart that illustrates a typical structure reflecting these trends.

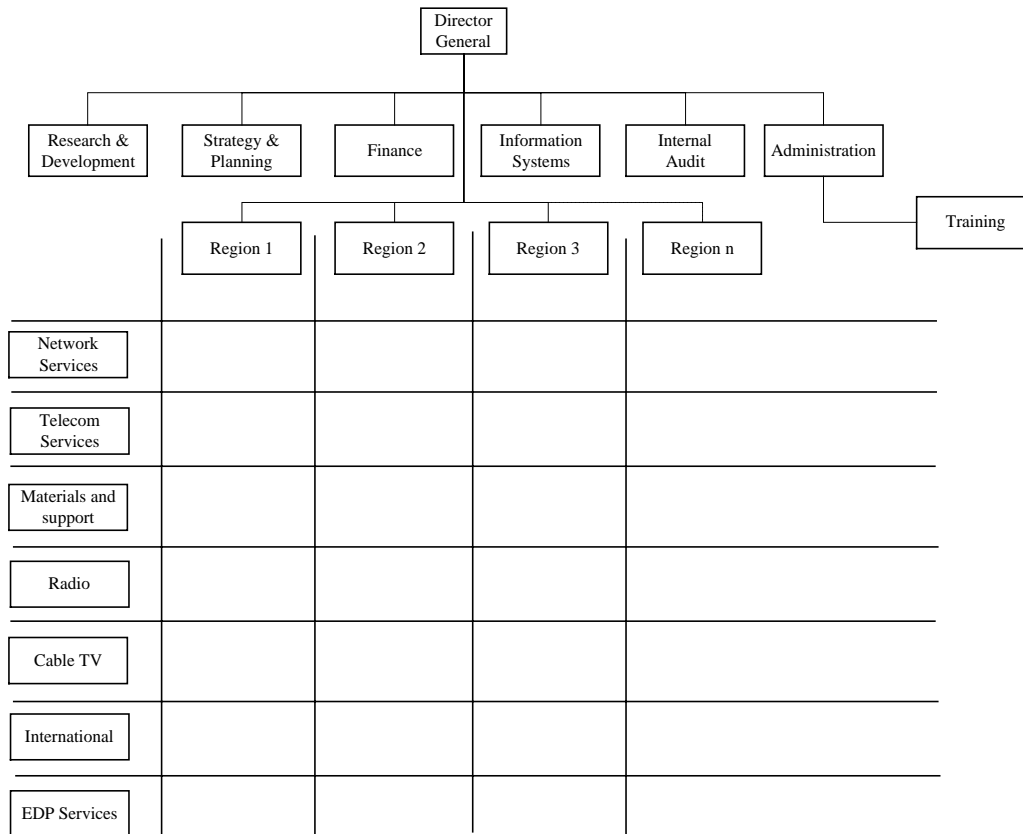


Figure 11.1 : Example of an organisational structure

At Headquarters we find the usual corporation-wide, centralised units for R&D, planning, finance, corporate information systems, internal audit, and administration, including personnel.

Regional units, which often are separate profit centres, may have the same structure, except for the R&D and the internal audit units.

In addition there may be some country-wide profit centres for different services and business lines. Thus, the organisation is based on a matrix where the staff of the country-wide profit centres (or Divisions), shown on the vertical axes of Figure 11.1, are also responsible to the regional office where they are based. In larger organisations, some of the country-wide profit centres are converted into separate and independent companies.

In the example shown in Figure 11.1, the "Telecom Services" division may be responsible for *marketing* of services and products of other divisions, such as POTS, telefax, telex data, videotex, mobile radio communication services. Like the other divisions shown in the chart, it is of course further subdivided into smaller offices (not shown), which in this case may correspond to the different services and products offered (see Chapter 4). The Telecom Service division "buys" the products and services from the relevant divisions, which will also need to balance its revenues and expenditures. i.e. act as a profit centre.

11.1.3 How to design the new organisational structure

When considering a new organisation structure, the following procedure could be adopted:

- break down the overall objective into specific objectives
- for each specific objective, identify the main functions or activities that must be performed to achieve the objective
- identify inter-dependencies between the various objectives and functions and draw a chart illustrating the flow between them
- use the chart to group functions which are closely related into meaningful units or projects for which clear objectives can be formulated
- group the units into larger organisational divisions or departments, taking due account of the present organisation and considering examples of excellence that you may know of and making sure you don't get too many hierarchical levels
- explain why the envisaged changes in the structure are necessary to improve performance and test your arguments in discussions with board members, the management team and key employees (if you can't convince them, reconsider your proposal and try again)
- examine how the present human resources could be distributed within the new structure, bearing in mind their competencies and attitudes
- if it is not realistic to change "overnight" (which is usually the case), prepare a plan on how to accomplish this change in the next two to three years (see also manpower and training needs forecast in Chapter 12)

When embarking on a reorganisation exercise, make sure that top management fully supports the plan and identify individuals who are in favour of change. This is critical to overcome the resistance to change which will always be there among large groups of employees.

The best way of encouraging these key personnel to support the plan is to **involve them in the analysis, formulation of objectives and design** of the new structure. They can then work together in pilot projects through the *informal structures* that always exist in organisations. In this process natural team leaders will probably emerge who may later become more formally nominated as chiefs of divisions, departments or projects.

More important than the organisational structure, however, is the way the people in the organisation work together, their level of motivation and competence. As has been stressed elsewhere, human resources are the most valuable asset. Management and development of human resources is therefore of critical importance for the success of the plan.

It should also be remembered that to change technology and structure is quick and easy compared to changing the attitudes and improving the competencies of people. Changing the organisational culture is a long and difficult process but a prerequisite for real change to take place.

11.2 Management principles - the 10 commandments

The following are ten basic management principles or "commandments" to improve performance and competitiveness which today are considered conventional wisdom, at least in advanced countries.

1. Focus on **customers'** needs.
2. Focus on **quality** of products and services.
3. Empower workers (participative management).
4. Reward performance.
5. Create flatter and leaner organisations.
6. Tear down hierarchical and divisional walls.
7. Use teams.
8. Encourage initiative.
9. Provide **adequate tools** and **management information systems**.
10. Develop an organisational climate with readiness to change and where employees at all levels are genuinely concerned with quality and performance improvement (a "learning organisation").

Since these concepts were starting to spread two or three decades ago, a number of "schools" and buzzwords such as Quality Circles (QC), Just-In-Time (JIT), Total Quality Management (TQM) and "re-engineering" have been created by management gurus and consultants. Such fads tend to emerge and fade away continuously and it is difficult to keep up with the latest jargon. Fortunately, this is not important, as all these schools are advocating the means summarised above to achieve excellence. Only the emphasis on one or the other of these concepts differentiates the various gurus. Perhaps in some years there will be a another *genuine* change of paradigms, i.e. a change in values and beliefs, which occurs very rarely, so one still has to watch out.

11.2.1 Focus on customers' needs

This implies that all staff who interact with customers, not only customers' services, but also repairmen, installers, etc. should be trained to pay attention to the customer and try to satisfy his demands. Surveys indicate that one of the primary reasons for customers to change suppliers is the lack of attention.

11.2.2 Focus on quality of products and services

Quality of products and services is another critical element for competitiveness. The ISO¹ 9000 series include guidelines, recommendation and standards for quality assurance and quality control. To be ISO 9000 "certified", i.e. certified in conformity with the ISO 9000 standards, is increasingly important to stay competitive.

11.2.3 Empower workers (participative management)

This includes delegating responsibility and authority which tends to motivate workers to improve the quality of their products and services.

11.2.4 Reward performance

Formulate and implement personnel policy (see example in Annex 11.1), including recruitment policies, career development, performance appraisal, bonus systems, rewards for performance, etc.

There are many possibilities of rewards without radically changing salary and bonus systems. For example providing a free car, free (national) calls, career opportunities, etc. However, to be effective in the long run, such rewards should in principle be given for a fixed time and clearly related to good performance

11.2.5 Create flatter and leaner organisations

¹ ISO= International Standardisation Organisation is a federation of national standardisation bodies in some 90 countries.

Too many hierarchical steps hampers the flow of information and creates unnecessary delays in the decision making process. It is also contradictory to the principle of empowering employees and makes those at the lower levels feel powerless and inferior.

11.2.6 Tear down hierarchical and divisional walls

Information flows and working relations suffer from such walls. They also make it unnecessarily difficult for people from different divisions and hierarchical levels to work as teams.

11.2.7 Use teams

To create a team for a well defined task or project is like creating a little enterprise in the organisation. This tends to boost motivation and almost by definition results in the team taking more responsibility for the work assigned to them than the participating individuals would have done in their usual organisational context. It is also an excellent way of bringing together the competencies needed for the particular task or project, from wherever the employees having these skills happen to be located in the organisational chart and therefore implies better utilisation of available human resources.

In Chapter 6, section 10, the advantage of team work is further discussed. Teams are also proposed to be established for the manpower planning (see Chapter 12).

11.2.8 Encourage initiative

Old fashioned managers are often afraid of initiatives from their subordinates as they see that as insubordination or even competition. Not all initiatives are good ones. However, managers who systematically encourage initiatives among their subordinates are likely to achieve more than those who punish it.

11.2.9 Provide adequate tools and management information systems

The importance of using the right tools cannot be over-emphasised. Frequently the employees themselves may have good proposals for tools or even create their own tools if encouraged and rewarded.

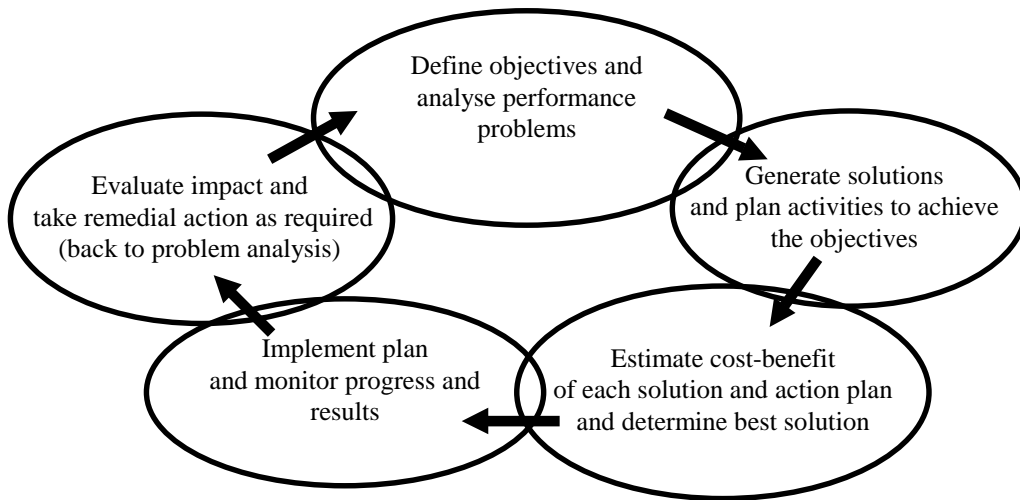
Of particular and increasing importance are good Management Information Systems (MIS). Such systems are necessary for keeping track on what is going on in the organisation on a daily, weekly, monthly and yearly basis. MIS are needed for many tasks such as:

- financial planning, accounting and billing;
- personnel administration, including human resources management and development (training);
- management of service quality and maintenance;
- material management
- management and maintenance of transport and buildings;
- operational statistics and key indicators on performance.

Development of management information systems is beyond the scope of this manual. However, a large number of information items required for the preparation and up-dating of a development plan are identified in the relevant chapters. If MIS that can produce these data are not yet implemented, now is the time to start developing them (or purchasing them, as the case may be). Some of the BDT programmes include the development of generic MIS which could be adapted to the needs of telecommunication organisations in developing countries.

11.2.10 Develop an organisational climate with readiness to change

Employees at all levels should be encouraged (and rewarded for it) to apply a strategy, which can be illustrated as a continuous cycle including the following, partly overlapping steps



The BDT has developed guidelines on management of telecommunication organisations and conducts workshops on this subject on request.

STAFF DEVELOPMENT POLICIES

1. Provision of a job description

The company should adopt a policy where each member of the staff has full description of the responsibilities and aims of their job. The job contents is to be reviewed on a regular basis in order to assess the worth of the job through a formal system of job evaluation.

2. Selection of the right job for the right person

The company's key aim should be to match people to jobs through the process of identifying those with the right competencies and behaviours, selecting those who will perform best, and promoting the right people to the right jobs.

The development of human resources should be achieved by a well planned and deliberate programme, whereas business training should be aimed at introducing or refining various skills. The job offers the best opportunity for development. The Personnel Department should introduce a comprehensive succession *Planning process*, which should commence with an input from each Division and culminates with review and agreement of proposed appointments by the Authority in co-operation with the Heads of Departments.

3. Job satisfaction

The Company's aims should be to provide job satisfaction through the appointment of the right staff to the right job and by matching jobs to people.

4. Agreement of objectives and targets on a annual basis

The Company should introduce *Performance Review and Appraisal* for personalised staff on a mandatory basis and others where appropriate. The system should incorporate the mutual agreement of objectives and up to five targets between line manager and employee, targets being defined in terms of quantity, quality and time frame.

Those staff not subject to this system would also be appraised on an annual basis; the appraisal, whenever possible, incorporating target setting.

5. Annual review of performance against agreed targets

The Performance Review and Appraisal system should be based on the belief that staff should discuss and agree targets, upon which their performance will be assessed. The appraisal system incorporates the following performance ratings:

- Achievement exceeding job requirements;
- Achieved requirements of the job;
- Some aspects of achievement below requirements;
- Performance unacceptable at this level.

6. Annual review of training needs

The annual appraisal provides the best opportunity for a formal review of training needs, these needs, if any, being identified through a joint discussion between appraiser and appraised when past achievements and expected future targets are addressed. The Company should aim to meet identified needs by internal or external resources.

7. Review of employee aspirations and potential

As the identification of potential is highly subjective, it needs to be approached by a joint discussion between employee and line manager. Consideration should be given by the line manager to the employee's own aspirations, any over or under estimation to be fully addressed during this joint exercise.

The Company's policy should be to identify and develop potential and to aim to meet individual career aspirations against career opportunities generated by the business.

8. Skill and educative training

The Company's Training Centre should offer a wide range of general and specialist training modules and publish a prospectus covering available and planned courses on a regular basis. Development needs not accommodated by available internal modular training have to be met from external sources.

9. Reward system

A system with great flexibility should be introduced to cater for rewards such as personalised pensionable pay, different degrees of achievement and performance rewards.

10. Involvement of the business in staff development

The Assistant Managers or the Heads of Departments should be responsible for ensuring that their Departments have recognised development systems and procedures relevant to their own business plans and operational circumstances, for ensuring that the necessary development activities are initiated in order that their business objectives are met, for ensuring manpower forecast and succession plans are regularly reviewed and implemented and for ensuring that staff appraisals are conducted effectively.

It is recognised that development of internal training is only likely to be effective if the business is involved. All specialist training modules to be developed against particular needs and with the direct involvement of both the business and functions. Wherever appropriate, employees from the business will be involved in the presentation of specialist modules.

11. Maintenance of employee information

A computerised personnel information system should be established by the Personnel Department. The aims of this system should be to remove the necessity to maintain manual records for staff, to enhance the scope of information held for each employee, to increase the accuracy of that information and to equip the organisation with a means of producing a variety of accurate management reports and analyses.

The system should provide personnel managers and other authorised officers within the Authority with a powerful tool for the staff development process, recognising that comprehensive information about the individual is one of the cornerstones of successful staff development.

12. Encouragement to obtain qualifications

A reward system should be introduced to cater for staff who successfully complete a course associated with their work. This reward should be extended to reimbursement of membership fees to certain professional institutions.

13. Monitoring of training and development activities

The appraisal system shall present the best method of ensuring that the Company's approach to development of its resources is both effective and efficient.

Nevertheless, a regular review of the effectiveness of each training module - both internal and external - when conducted and, where necessary, fine tuning of content should be carried out.

A formal audit of development and training activities should be carried out at regular intervals.

POLICY FOR STAFF DEVELOPMENT**The Company's training policy should be:**

1. To provide training for any individual faced now, or in the foreseeable future, with new work to enable the individual to deal competently with that work.
2. To provide such further training as may be required to maintain the necessary standards of performance over time.
3. To provide opportunities for staff to maintain their flexibility and potential, with a view to making any later changes in work contents or work environment easier to accommodate.
4. To place the responsibility for training any group of staff with the management of that group and to regard the time and effort given by managers to the planning and conduct of training as a correct and essential pursuit of their responsibilities.
5. To regard the time and effort devoted by an individual on or off the job to raising the level of capability through approved training as a correct use of his services.
6. To involve the individual in the planning, the progressing and the evaluation of his own training.
7. To encourage and provide a degree of support for each individual's work-related educational interests.
8. To provide opportunities for on the job training in other organisations as part of an approved training scheme.
9. To provide on the job training for staff of other organisations, where it is agreed that such work places contribute to the objectives of the other organisation's training scheme.
10. To accept into the organisation for visits or work, students, teachers and researchers from educational establishments wherever this will assist in the progress of their educational programmes and to nominate employees to visit educational establishments to provide information in response to reasonable requests.