The Organizational Analysis Model

A Framework for Understanding Organizations

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This paper presents a model of organizations consisting of seven major components. The primary use of this model is as an aid in analyzing and understanding a particular organization and, over time, organizations in general.

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Shown below is the "Organizational Analysis Model." It draws attention to seven of the more basic elements or components of organizations. It is one of the frameworks I use for thinking through issues related to organizations. I use it most often in organizing and analyzing information gathered about a particular organization and the issues it faces. Obviously, it owes something to the McKinsey 7 S Model, but there are important differences. A brief explanation of the model follows.

Elements of Organization
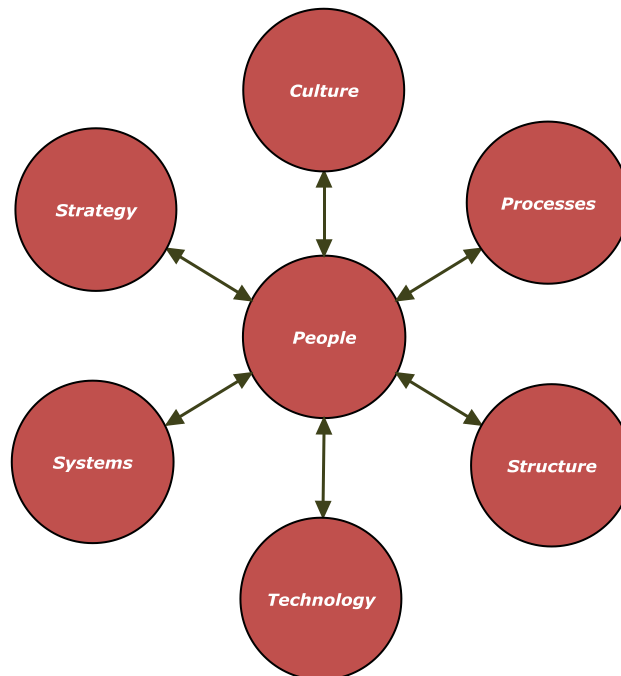
People. As the model suggests, people are at the center of everything. It is people who devise strategies and who design structures and operate systems and processes. It is people who develop and employ technologies and it is people who give rise to and maintain an organization's culture. Or, as one noted authority on organizations wrote many years ago, "Organizations don't do anything, people do." The skills or competencies people bring to their work are an important factor and so are the values and beliefs they hold. Demographics of various kinds can also be important factors in understanding an organization.

Structure. One of the things people devise is structure, which is to say they organize to pursue their goals and purposes. For example, they create structures to conduct business, to perform work, to create a new product or develop a new system. They create relatively permanent organizational structures and more temporary project structures. They do this to provide for control over resources, to enable and legitimize the exercise of authority, and to hold each other accountable for performance.

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Processes. The work of an organization is accomplished by people, by machines and by combinations of people and machines. These, too, are organized – into processes – flows of materials and information that create the organization's products and services and that exchange these products and services with customers for money and that also exchange the organization's money for products and services from its suppliers.

Culture. People bring more than themselves and their skills to work; they also bring their attitudes, their values and their belief systems. These interact with, are subsumed by, are merged with, are modified by and incorporate the attitudes, values and beliefs that other people bring with them. These interactions occur in the course of working together for formal and informal business, organizational and personal purposes. Emerging from all this is a set of behavior patterns that is often described as "the way things work around here." That, in short, is the culture of the organization. It is stable over time because there is rarely any kind of wholesale replacement of people; instead, new people arrive in small numbers over time and they adjust and adapt to the culture they encounter. However, the introduction of radically new technologies, systems, processes and other practices can create a form of "culture shock" and those once stable behavior patterns become unstable as people figure out how to accommodate and adjust to these changes (or, conversely, figure out how to reject the change in question). The effect of culture is to constrain and restrain organizational capabilities and performance.

Technology. The work of the organization depends not just on the skills and competencies of its people but also on the technologies they employ. Some of the more important skills and competencies tie very directly to the technologies being employed. Companies manufacturing and or selling sophisticated electronics equipment employ various technologies related to electronics. They also employ people who possess skills and competencies related to electronics (e.g., engineers, technicians, etc.).

Systems. One of the areas of technology employed by almost every organization in today's world is that of systems, primarily computer-based systems. These range from desktop PCs providing the users with access to email, word processing and spreadsheet software to huge mainframe computers "crunching" vast amounts of data. Between these two extremes can be found more modest applications supporting business functions such as order entry, accounts payable, human resources and customer relationship management.

Strategy. Ultimately, all the preceding aspects of an organization come into play in formulating and ex-ecuting various organizational strategies. Strategies abound in organizations. One such strategy is the organization's competitive strategy (i.e., will it compete on the basis of price, value, speed, quality, some other factor or some mix of factors?). Any organizational endeavor requires a strategy. To penetrate a new market requires a strategy; to develop a new product offering requires a strategy; to counsel a non-performing employee requires a strategy; to groom a successor to the CEO requires a strategy. In short, strategy is as ubiquitous as computing is said to be. Here is where tactics or execution comes into play. Strategy is concerned with the *deployment* of resources, tactics (or execution) is concerned with their *employment*.

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Application

Putting the Organizational Analysis Model to use is quite straightforward. A "no-brainer" as some might say. Here are three quick uses:

- Use the seven elements as a checklist of things to study.
- Use it as an organizing framework for making notes and for documenting conclusions and findings.
- Use it a discussion starter with organizational members or co-workers, depending on whether you're a consultant or an employee.

I hope you find the model as useful and as helpful as I have.

Contact the Author

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