

# Organisational Design and Appointments

- £3.9m total savings for operations in the north
- £10.8m total savings for operations in the south
- Creation of a more agile workforce

## The Background

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BVT Surface Fleet, the result of the merger of BAE Marine Systems and Vosper Thornycroft, specialise in naval shipbuilding and combat systems integration – as part of a joint venture company.

It was noted that the organisation may have a number of synergies within the organisation structure that could prove to be inefficient or uneconomical. For this reason, the BVT organisation engaged the services of Project7 [P7] in order to streamline their processes and remove inefficiency.

Key stakeholders from within the organisation included the Group Operations Director, Operations Director, Group HR Director and site HR Directors, as well as a host of other senior managers across the three sites.

*“Project7 provided us with a robust and comprehensive system which they implemented in a professional mature manner, with what was a very critical and business sensitive process. As ever, Project7 executed the programme on schedule and to our defined requirements.”*

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# Challenges

Following the merger, BVT had little experience of, or in-house resources for, conducting an organisation design programme.

## **Key objectives required of a reorganisation included:**

- Supporting the aim to become a single unified business
- Fostering innovation through a diverse team, with a balance of business systems managers from different sites, backgrounds, etc.
- Considering the use of unconventional structures to enable agility, such as task forces, dual responsibilities, broad roles, etc.
- Being agile, flexible and able to transform further to meet the businesses needs as they evolve
- Delivering an organisation that supports business contiguity, enables integration and delivers savings

## **In order to plan the project, the following key stakeholders were identified:**

- **P7** – to design, manage and facilitate the project.
- **Support functions** [HR, Finance, SHE, Strategy, Commercial] - to provide services to delivery areas such as Operations. These functions are responsible for: developing processes in line with the strategic intent of the business; ensuring sound governance, especially regarding resource planning and deployment; and synergy savings across all of their own activities.

## **There were a few options available to them team:**

**Option 1** - Do nothing; continue to operate as they were, which would likely result in a higher resource level than required and with poor performance from personnel who not only fail to add value, but hinder other team members.

**Option 2** - A arbitrary % cut in headcount. While many organisations do opt for this when they believe their organisation has grown to a level which may not be effective or economic, it creates a risk of losing effective and essential employees.

**Option 3** - Create an Organisational Design & Appointment Process within the Economic and Effective [E&E] Framework. Change - whether it be technical, political, economic, legal or organisational - requires a systematic approach and a degree of rigour applied to it.



# Solutions

The recommended solution was to create an Organisational Design & Appointment Process with the E&E Framework.

P7 were engaged to conduct an Organisational Design and Appointments [OD&A] Project in order to define an economic and effective [E&E] business for BVT Surface Fleet, within its three sites at Portsmouth, Scotstoun and Govan.

The project began by analysing the existing situation of the organisation. The current organisation charts, job descriptions, operational processes, operational interfaces and personnel performance were studied and captured. Following this stage of the process, the design phase was initiated to provide a pragmatic solution that would transform the business into an economic and effective organisation.

The OD&A project utilised an E&E process based upon lean thinking design principles around industry best practices, in order to deliver the objectives outlined below. These principles were created to facilitate the development of an organisation that would best enable the achievement of the business' strategic aims.

## **The process was split into three defined phases:**

**Phase 1:** Defining the design principles to support the business concept and aims [60 days].

This included:

- Demonstrating a reduced management overhead in support of the overall synergy savings target
- Establishing delegation of authority to enable agility and empower managers to deliver rapid decision-making
- Understanding the geographical constraints and acknowledging that the business may be split over multiple sites
- Considering the practicalities of managing people and the associated travel time and cost
- Driving efficiency through optimum spans of control, avoiding 1:1 or 1:2 reporting lines in favour of 1:6-8 reporting lines for management and 1:12-15 for operatives

**Phase 2:** Mapping the existing [As Is] structures and designing the proposed [To Be] structures [60 days].

**Phase 3:** Implementation of the proposed design [90 – 120 days].

# Impact on Performance

As a result of project support from P7, the Client experienced a split impact for Operations in the North [Scotstoun & Govan] and the South [Portsmouth].



## Operations in the **North**:

- *As Is*: Nine levels, with a span of up to 1:22 and a total headcount of 1023
- *To Be*: Five levels, with a span of 1:6-8 and 1:12-15 and a total headcount of 903
  - A reduction of 120, equalling **total savings of £3.9m**



## Operations in the **South**:

- *As Is*: Ten levels, with a span of up to 1:25 and a total headcount of 2963
- *To Be*: Five levels, with spans of 1:6-8 and 1:12-15 and a total headcount of 2716
  - A reduction of 247, equalling **total savings of £10.8m**

The *To Be* implementation was phased in over a 24-month period to mitigate risk through the transition period.

Integrated work team managers were upskilled to enable them to become more agile and remove the need for area managers. The creation of a more agile workforce enabled the organisation to become more competitive within the market in order to meet its strategic objectives.