# PROGRAM STRUCTURE FOR ORGANIZATIONAL ADAPTABILITY: DESIGNING THE NETWORK OF A "CORE/NETWORK" DESIGN

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NETWORK DESIGN

Legal service programs will face uncertain fiscal and resource environments over the next four years. Whatever decisions are made in Washington in the coming months (authorization at a tight budget, no authorization, authorization with restrictive amendments, etc.) they may be reversed by 1984. Much will depend on the failures and successes of the Reagan administration and on the strengths and weaknesses of its Democratic opposition. Certainly programs should not cutback under the assumption that they will never regain the resources they once commanded. Rather, they should cut back under the assumption that the resource picture is deeply uncertain. If they make this assumption they must develop designs that preserve their adaptability and flexibility in light of a highly uncertain and possibly fluctuating resource picture. They should cut back so that their options for future program and service development (in whatever direction) are preserved.

Accountants divide costs into fixed and variable, the former represent long-term commitments to particular resources that can be deployed only in a particular way, the latter represent commitments that can be scaled up, down, or reorganized, depending on the changing structure of opportunities. Thus a sensible design criteria for maintaining adaptability and keeping options open is:

> minimize the ratio of fixed to total costs in the operation of a program.

However, legal service programs cannot minimize fixed costs through the standard "budget cutting" approach, e.g., "cut out the fat," provide less support to wrokers, create a system of employment insecurity, etc., since such strategies will in the medium run reduce worker morale and lead to a general decline in service quality. This suggests that we need another and more complex method for designing organizations that minimize their fixed or long-term commitments to

resources. Recent thinking on organizational design for adaptability suggests the following principle:

"An organization is adaptive if it can create "gradations" of commitment to particular human and capital resources. It does this by negotiating with other settings, organizations and prospective employees to share resources. It thus no longer simply owns resources for a fixed period of time but rather jointly shares, owns or rents capital, information, or time for varying periods. Contract lengths will vary across resources and within a particular resource category. In this way the organization takes on the character of an organization shaped both by a network in its "surround" and a core program."

Concrete examples of this approach to organizational design are:

- part time employees
- lawyers in judicare type referral network
- two lawyers who job share
- joint purchasing of supplies with other programs
- renting a data processing system from a law firm and using it in "off" periods
- outposting paraprofessionals in the facilities of another social service
- circuit riding using the trailer of an ambulatory health clinic
- creating self service components for certain parts of the legal counselling process.

These examples have two critical features in common. First, the program minimizes its sole ownership rights over any resource (including time). Second, it uses resources (data systems, facilities) at a time and place when the resources are either idle or their productivity in alternative uses is low. These two principles complement one another. The first minimizes idle time by developing sharing arrangements appropriate for each resource. In traditional designs, different resources are used at different rates according to different rhythms. Thus for example an employee may be paid for only eight hours of work but a piece of capital equipment is available for twenty four hours a day. By limiting ownership through resources sharing, leasing, renting, sub letting, etc., commitments to a particular resource can be scaled up to match its "time

profile" of use. The second principle suggests that the organization take advantage of idle resource time in other settings. The two principles together create a framework within which all resources are used for as long as they are paid for, long-term commitments are negotiated between two parties and are therefore subject to renegotiation when necessary, and the time commitments to different resources differ according to the resources time profiles of use and the agreements of the negotiation. If we think in ecological terms, this design helps capture "free energy" in the ecology and turn into productive use. Just as a small plant may situate itself in a niche where it gets runoff water, nurtients produced as the by-products of other forms of plant life and sunlight through the branches of a larger tree, the program must situate itself in a resource capturing niche within the ecology of organizations.

This "core/network" design has to be carefully constructed. Two factors are critical here. First, if the program's network begins to dominate its core structure, it may lose its integrity and its ability to mobilize resources for the future. It becomes a "captive" of the organizations upon whom it depends. It is absorbed into its ecology. On the other hand if it is too encapsulated, too independent of other programs it may prove insensitive to new resources and resource sharing opportunities that are emerging in a generally resource fluctuating environment. There is thus some "optimum" degree of absorption or dependence into or on its network.

Second, the management costs per unit of service of a core/network design are greater than in a traditional core design. This is the case because a) management must spend a greater proportion of its time in quality control activities, in supervising work and output across the boundary of its core program (e.g., there is excessive noise in the health clinic where a paraprofessional is outposted for referral and advice only service), b) management must develop, maintain and monitor different contract arrangements for different resources. Thus

the number of special cases for which no clear rules or precedents are established will rise. This means that though fixed costs per unit of service will fall as the "ratio" of network to core in the program rises management costs per unit of service will rise. At some point the rise in the former will outweigh the decline in the latter putting a limit on the degree to which a program can extend itself into its ecology.

Thus the management of a network/core design is a complex process and costly. But this complexity and the cost it entails, can confer great adaptability on the program. Concrete experiences, intuition, and some rough calculations should enable management and staff to develop at least a rough and ready sense of these trade-offs.

Redesigning a Program: Focusing on the Network

In managing retrenchment it is tempting to involve oneself in the here and now issues of layoffs, funding, and expense cutting, and to ignore longer run issues of organizational structure, desing and priorities. To be sure, the present always dominates experience but it is important to realize that present choices made on the basis of presently perceived costs and benefits may constrain future choices or limit future benefits. Thus for example if a manager lays off people according to the seniority principle he may limit the strengths of any future core program. Similarly, a decision to buy a building now with carryover funds may reduce slack funds available to help ex-exployees set up "cooperating" practices. Choices today constrain choices available tomorrow. This means that program directors must move back and fourth between future oriented and present oriented thinking. Only in this way can they integrate present and future choices.

One method for focusing on the future is to imagine a possible future design for the program. This design need not be regarded as a "blueprint" or "template." Rather, it can serve to make "present-thinking" futures oriented, and provide decision makers with some hypotheses about the impact of present decisions on future projects. It helps program leadership and staff to focus on important as against unimportant decisions and issues. To develop a design program leadership and staff must imagine, the case, the network and their interactions. In another paper I examined issues in "imagining" and designing the case. Here I focus on designing the network. In the next section, I present a method for thinking of ways a program can share resource with its surround.

A Method

LSP staff have so much exposure with the standard program model and its corollary staffing pattern that it is difficult to imagine a different kind of program design.

To help staff "unfreeze" their conceptions, it is useful to decompose a program into its many dimensions (employment system, capital equipment utilization etc.), and then (e.g., the employee dimension, the capital structure dimension, etc), think how different organizations of each dimension could be recombined with one another to create a new composite organizational desing, that maximizes resource sharing with its surround.

Thinking about these dimensions I came up with a set of "polar-opposite" terms each of which expressed how an organization might be designed with respect to a particular dimension. Thus for example the polar opposite terms "part time employee--full time employee" would lead a program staff to think how they presently deploys employees in either part time or full time jobs and how and why he might deploy them differently in a different organization design.

These opposites do not mean that a program should or must choose between either one or the other. Rather the program can place itself on the continuum defined by these terms.

The following is a set of such terms:

1. part time <.....to.....> full time
2. profit ..... non-profit
3. renting ..... owning
4. sharing ..... sole user
5. night activities ..... day activities
6. phone ..... face to face
7. client works ..... professional works
8. standardized ..... customized
9. in the network ..... in the core group
10. marketing ..... first come first serve
11. generalist ..... specialist

11a. Direct benefits..... tax benefits

12. one-client/one prof. ..... one client/many prof.
13. paraprofessionals ..... professionals
14. probono ..... payed
15. out-house ..... in-house
16. volunteers ..... employees
17. autonomous work group ..... interdependent departments
18. dividends (profit sharing) ..... salaries
19. sliding scale ..... free services
20. collaborate ..... compete
21. retainers ..... salaries
22. consultant ..... employee
23. sales ..... grant
24. many source funding ..... sole source funding

25. different "boundaries" for different tasks (e.g., clients do intakes) ..... same boundaries for all the tasks

26. outplacement ..... fire

27. fringe ..... salary

28. benefits ..... money

29. barter ..... exchange

30. three way exchanges ..... two way exchanges

31. lateral shift ..... vertical promotion

32. decentralized ..... centralized

33. rotating (office person, service) ..... fixed

34. outposted ..... at "central" HQ

35. space..... time

The pairs of opposites can now be organized according to a table category as in the table on the following page:

| | |
|---|---|
| A. Workers<br><br>Payment by<br>Organized through<br>Career process | 1. Part time, full time, employee shared<br>2. Volunteer, consultant, salaried, pay for service<br>3. In core group, in network<br>4. Dividends, salary, wages, in-kind benefits, probono, fringes bonus<br>5. Multiparty contracting, two-party contracting[1]<br>6. Fire, outplacement, layoff (can be called back)<br>7. Vertical promotion, lateral shift<br>8. Hire, retain<br>9. Job rotation, same job<br>10. Standard time, flextime<br>11. Job sharing, moon lighting |
| B. Structure | 1. Autonomous work groups, interdependent departments<br>2. Generalists, specialists<br>3. An organization, a network<br>4. Para/prof ratio, high, medium, low<br>5. Professional-clerical overalp (with respect to function), high, medium, low[2]<br>6. Rotating jobs, fixed jobs<br>7. Variance in boundaries for different tasks, spatial and temporal[3]<br>8. Administrative structure shared |
| C. Processes | 1. Phone, face to face<br>2. In the office, in the field<br>3. See a group of clients together, see one client at a time<br>4. Standardized, customized<br>5. Standard service mix, changing service mix<br>6. Self-service, professional service<br>7. One-professional--one client, many professionals--one client[4]<br>8. First come-first serve, priority (turn away at door), marketing<br>9. Night, day, weekends 10. Single stage, multistage[5]. |
| D. Sites | 1. Rented, owned<br>2. Sole user, shared<br>3. Outposting in other facilities, concentrated in primary facilities<br>4. Used part of day, used all day<br>5. Rotating, fixed<br>6. Focal-sattelite<br>7. Hierarchical system (from most comprehensive to least comprehensive services) |

| | |
|---|---|
| E. Capital equipment | 1. Owned, leased, probono service, probono gift, borrowed<br>2. Have continuing access, have periodic access (nights, weekends, etc.)<br>3. Sharing, sole user<br>4. Single use, multiple use<br>5. Limited access (by employees, clients, etc.), universal access |
| F. Funding | 1. Sole source, many sources<br>2. Sliding scale, fee for service, free<br>3. Sale of legal services, sale of non-legal services, sale of service based on legal expertise (teaching)<br>4. Renting out building, equipment, employees<br>5. Grants, sales, pre-payed (individual), pre-payed (organizational), barter<br>6. Profit, non-profit |

[1]By two-party contracting I mean an agreement between the program and the employee. By three-party I mean an agreement in which for example, a university and an LSP agree to jointly share an employee, or a university agrees to share its data-processing facilities on a night-use basis with an LSP in return for the services of the staff in supervising a clinical program at the law school.

[2]By professional-clerical overlap I mean the degree to which a professional can take over clerical tasks, e.g., typing at the word processor, doing own intakes, etc. The degree of overlap would vary by task.

[3]By "variance in boundaries" I mean that for different tasks the organizational boundary would be placed at different points. Thus for example clients might organize intake while the program would organize the service. Or clients might function as obmundsman within the program, or data processing would be hired out to a firm, or benefits would be organized on a region-wide basis between programs, etc. The key point is that the program need not be the "container" for all its activities. Boundaries might also refer to temporal boundaries (some activities in the night, some in the day).

[4]By "many professional one-client" I mean either that a client does not have just one lawyer working on his or her case, or her case, there may be a division of labor within a case, or different lawyers will handle the case as it progresses through time.

[5]By multistage service I mean one in which the distinction "advice only versus service" is further elaborated, so that there are many stages to the service, phone advice, phone advice,referral, referral and follow up, etc.

Design

I think that this table can be used to help people think creatively about various dimensions of organizational design. Thus for example let us say a group wants to think about the ways in which it can deploy part time workers. Looking at the category "workers" we might develop the following design. Part time workers are payed for services rendered with money and some in-kind benefits. The in-kind benefits are actually contributions in kind from a university for courses and use of the facilities. Thus the university offers these in-kind benefits in exchange for core employees of the program supervising some law school students in small legal clinic. The program thus "retains" the employee partly through a three-party contracting system. Some of the part time employees will be specialists in medium volume work (consumer problems) while the program decides to use full-time paraprofessionals for high volume work. The program encourages lawyers to job share up to three-quarter of a job on a part time basis. This gives greater assurance to the program that they will have the service of a lawyer when required and allowes the two job sharers to balance their commitments to the program with other commitments outside the program (e.g., private practice).

Similarly imagine the following structural design. The program is conceptualized as consisting of a core group and network. The network in turn consists of part time employees paid on a services rendered basis plus fringes in a "judicare like" referral framework. The program is based on the concept of the generalist lawyer and the "high volume" paraprofessional worker. Trained clients function as intake workers. They are employed part time. Some are payed on a per diem basis while others are outposted in other municipal facilities and are paid a per diem and a bonus based on the volume of referrals. Part of the administrative structure is shared with other programs in particular

the purchase of fringe benefits and supplies are organized by a separate jointly managed non-profit consortium. The programs share a central data processing system for basic payroll and accounting functions. The program in addition purchases time at night on a legal research data system from a law firm at discount. Requests for information are logged in at the end of a day and are processed by law students and a moon lighting lawyer from five to nine. The program has acquired a sophisticated word processing system with eight desk top terminals. It got money to do this from a bank by using the rental value of its building as collateral. The generalists lawyers learn to do much of their own typing and correcting. The paraprofessionals have access to a good file of legal documents easily called up on the word processing system. Clients can use a desk top located in a waiting area to access names of lawyers in the referral network.

Evaluation

The last two examples were heuristic ones but suggest that kind of thinking necessary for thinking creatively about core/network designs. I suggest that PD's and their staffs deploy the following criteria for evaluating their desings.

1. Does the design maximize resource sharing opportunities in the "surround?"

2. Does the design increase the number of different boundaries in the management of its resources? (i.e., different time boundaries for different resources?)

3. Does the design take advantage of idle resources in its surround?

4. What core programs are consistent with the design?