

Organizational Efficiency

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FOR TEAMS, MANAGERS OR LEADERS

An organization is efficient if it is well aligned and does not waste any of its resources

Organizational Efficiency

Companies generate value by creating products from organizing the utilization of resources.

The organization of the utilization of the resources can be more or less efficient.

Efficiency is defined as achieving maximum desired output with the given input or as achieving the given desired output with minimum input.

A more suitable definition of efficiency in the context of organizations is to achieve the desired output without causing waste in the creation processes or of the inputs.

Better and worse alignment of company interests and forces by help of organization



The 7 *Mudas* (Wastes) in Organizations

Similar to the well known *Mudas* (wastes) in operations, there also exist *Mudas* in organizations which cause inefficiencies:

1. Incompatible interests of company, managers, employees, suppliers and service providers.
2. Unclear structure; organizational overlap and redundancies; poorly defined interrelations, responsibilities and competencies; missing ownership.
3. Friction; power games; silo thinking, area egoism; lack of collaboration.
4. Managerial hesitation; slow decision taking; organizational waiting time due to (managerial) bottlenecks.
5. Missing communication; improbable, unclear or intransparent objectives, interrupted momentum.
6. Lack of leadership and delegation; unused human competence or ingenuity; unnecessary bureaucracy.
7. Counterproductive payment, status, reward, or incentive mechanisms leading to opposing internal forces.