

## Functional analysis

### Introduction

This note describes the technique of functional analysis which can be used in organisational reviews, as a baseline for organisational change and as part of the process of organisational design.

### What is a function?

Functional analysis is essentially an exercise in decomposing the work of an organisation into its component parts. The simplest and most practical definition of a function therefore is: a sub division of the total task which makes a discrete contribution to the performance of the total task. Functions commonly involve the application of different skills and different information and often have different customers. The annex to this note includes an example list of functions.

### Outputs from a functional analysis

There are four main outputs:

- A list of the functions carried out.
- An associated set of functional definitions.
- An identification of where (either in terms of organisational units or geography) each function is carried out.
- An estimate of the human resources directly associated with each function. This is usually broken down by grade or staff group.

Developing the list of functions is partly descriptive (i.e. a simple description of what happens now) and partly normative (i.e. implying a judgement of the functions that an organisation of the type being studied **should** be carrying out).

## **Producing the analysis**

### ***Develop the list of functions***

The most common process is to conduct interviews from the top down, essentially asking the question: What is your unit responsible for? This can be explored by identifying inputs and outputs. The supplementary questions concern whether these functions fit together, whether there is anything which doesn't belong, whether there are functions which are performed elsewhere which belong here.

Broader contextual information is provided by exploring how well the organisation and its sub units are functioning and what relevant external developments need to be taken into account.

In addition to interview data, mission statements and organisational strategies, job descriptions and operational plans can also provide useful data and indications as to necessary functions.

This internal analysis is supplemented by a study of best practice elsewhere, either by benchmarking or by literature search.

The degree to which functions are broken down depends on the core business of the organisation you are analysing. For example, "Human Resource Management" might be a sufficient level of detail within a manufacturing organisation or an IT Department, but not for a Personnel Department.

### ***Validate the list of functions***

Typically by circulating a draft list for comments or by holding one or more workshops for appropriate people. the final version should be signed off at a senior level.

### ***Collect responsibility and resource information***

The may be by questionnaire or perhaps telephone interview. When collecting resource information it is simplest to assume that people are fully productive. So if a person works full time on a function, count it as 1 staff unit, even though in reality some time will be spent on non-productive activities of various kinds. The underlying assumption is that non-productive time is evenly spread across the organisation and therefore can be ignored for the purposes of this analysis. It is desirable to cross check this against overall resource levels.

### ***Create a database for subsequent use***

Depending on the context, it can be helpful to keep all this information in a database for reference later on.

## Using the outputs

The analysis permits the identification of functions which are:

- Missing.
- Under- or over-resourced.
- Duplicated in different parts of the organisation or in different locations.
- Fragmented and incoherent, with parts being done in one place and parts being done in others.
- Disputed, in that different parts of the organisation both claim responsibility.
- Wrongly positioned in relation to organisational boundaries.

Obviously all these conclusions require a degree of judgement: functions might be duplicated for example as a deliberate result of a policy of decentralisation.

If the context is organisational change, the analysis provides baseline data which can be used to understand the effect and impact of proposed changes and as a point of reference for subsequent review and evaluation.

If the context is organisational design, alternative groupings of functions can be explored, for example:

- Functional organisation.
- Customer facing and back office.
- Operational and support.
- Multi functional teams.

In each case, the analysis allows the resource implications of different organisations to be explored and assessed.

Annex

**List of functions in an IT Services organisation**

Change management  
Configuration design  
Configuration management  
Contingency planning  
Customer liaison  
Network management  
Operations  
Performance and capacity management  
Problem management  
Security  
Service level management  
Software control and distribution  
Software testing  
Technical support  
User support  
Vendor management