Restructuring in a Disrupted World: A Competence Led Re-structuring Approach

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Why Efficiency Alone No Longer Secures Competitiveness

Across industries, restructuring has returned to the top of executive agendas. Workforce reductions, footprint consolidation and cost programmes are announced with increasing frequency, often explained by familiar factors such as demand uncertainty, overcapacity or portfolio adjustments. At the same time, digitalisation and artificial intelligence are widely discussed as forces that will reshape industries, redefine customer expectations and alter the economics of competition. New technologies promise higher productivity, new offerings and new ways of working. Yet it remains unclear how closely today's restructuring decisions are connected to these shifts.

- Are organisations restructuring because they want to redesign their operations around digital and AI competences?
- Or are they reducing cost because competitive pressure is rising faster than their ability to adapt?
- Are workforce reductions the consequence of transformation, or a substitute for it?

These questions matter because restructuring is often treated as a largely technical exercise, focused on efficiency, scale and cost alignment. In an environment where technologies are changing not only how work is done but what customers value, the logic behind restructuring becomes far more consequential.

Understanding whether restructuring is aligned with the underlying competitive situation, and with the competences an organisation will need going forward, is therefore critical. The same measures can stabilise performance in one context and accelerate decline in another.

Why Traditional Restructuring Misses the Point

Most restructuring programmes begin with an operational diagnosis. Costs appear misaligned with expected demand. Processes are deemed inefficient. Headcount reductions promise rapid relief. Automation is expected to raise productivity. Implicit in this logic is a powerful assumption: that the organisation's products and services remain competitive, and that value creation itself does not need to change.

Under stable market conditions, this assumption can hold. In disrupted environments, it becomes the central blind spot. Improving how existing value is delivered does little to address shifts in customer expectations or competitive dynamics. As a result, many restructuring programmes succeed operationally while failing strategically.

Efficiency matters. But efficiency alone no longer defines competitiveness.

From Cost Measures to Value Choices

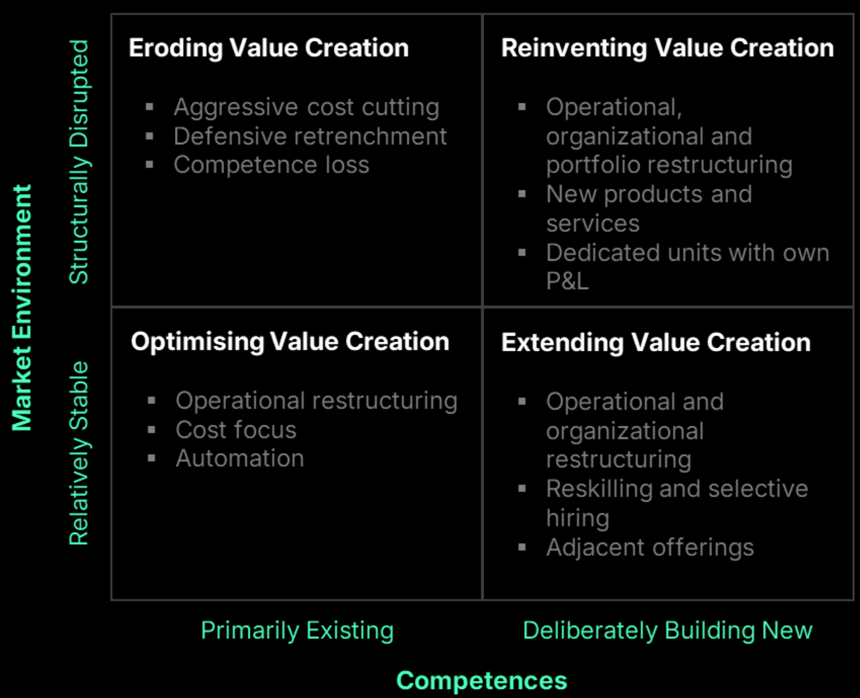
The most consequential restructuring decisions are rarely about individual measures. They are about value creation. Digitalisation and artificial intelligence do not simply make existing activities cheaper or faster. They change which products, services and activities create value, how activities are linked and where value is captured. Some steps in existing value chains become commoditised or disappear. Others, often related to data, software, integration and services, gain strategic importance.

In this context, digitalisation and artificial intelligence should be understood less as technologies and more as new competences. These include the ability to design software- and AI-enabled products and services, embed data and algorithms into offerings, orchestrate platforms and ecosystems, and operate business models that scale through code rather than headcount. Such competences cut across the value creation logic of the organisation, reshaping how activities are performed, how offerings are designed and how revenue is generated.

Yet many restructuring efforts never confront these shifts explicitly. Legacy processes are automated rather than redesigned. Existing workflows are digitised rather than questioned. Organisations optimise value creation models whose relevance is already eroding. Products and services are expressions of deliberate strategic portfolio and value creation decisions. New offerings do not emerge from efficiency programmes. They emerge when organisations deliberately reconfigure how value is created, deciding which activities to retain, which to partner, and which new competences to build. Seen this way, restructuring decisions are less about reducing cost and more about deciding which value creation logic, and which competences, an organisation intends to compete on in the future.

These differences do not play out uniformly across organisations. Depending on market conditions and the competences a company relies on, restructuring can take fundamentally different forms, with very different implications for long-term competitiveness. The framework below distinguishes four recurring restructuring situations that executives face today.

Four Restructuring Situations and Their Strategic Consequences



When Restructuring Optimises Existing Value Creation

In relatively stable markets, where customer expectations evolve gradually and the core value proposition remains intact, restructuring typically focuses on optimising existing value creation. Cost bases are reduced, footprints consolidated, governance simplified and processes streamlined. Automation is applied to established workflows to improve productivity rather than to redefine how value is created. Organisational adjustments reduce layers and clarify accountability, but the underlying business logic remains unchanged.Product and service portfolios are largely preserved. Innovation is incremental and focused on improving delivery rather than redefining offerings.

This approach can be effective as long as the underlying value creation remains valid. Its success depends on disciplined execution and careful protection of critical know-how. The main risk lies in over-optimisation: removing slack that also provides resilience, or automating processes that should instead be fundamentally reconsidered.

When Restructuring Extends Value Creation

Some organisations use periods of relative stability to look beyond immediate efficiency gains. They invest in renewing their competence base before competitive pressure becomes existential. Processes are redesigned not merely to reduce cost, but to enable new ways of working and to create the conditions for building new products and services. New tools improve transparency, collaboration and decision-making. Organisational structures evolve to support learning, experimentation and cross-functional coordination.

Crucially, value creation begins to extend beyond its traditional boundaries. New components, service layers and features are added to existing offerings. Initially, these initiatives often complement the core rather than replace it. Over time, however, they can evolve into fundamentally new products and services and actively drive market disruption. In many industries today, these emerging competences are digital and AI-related. The underlying logic, however, applies to any competence that enables new forms of value creation beyond the existing core. Restructuring in this situation combines reskilling of existing employees with selective hiring. While internal development preserves institutional knowledge, new hires bring critical competences and external perspectives that accelerate learning and reduce execution risk.

When Restructuring Erodes Value Creation

A far more precarious situation emerges when markets are already disrupted, but restructuring remains anchored in existing competences. Competitive pressure intensifies. Margins erode. Confidence weakens. Restructuring becomes defensive. Costs are cut aggressively, workforce reductions accelerate and investments are frozen. Organisational control tightens. Risk tolerance declines. Product and service portfolios are simplified through exits rather than renewed. Innovation is postponed. New offerings are seen as distractions rather than necessities. Value creation is not redesigned; it is hollowed out.

Short-term financial indicators may improve, but organisational resilience, innovation capacity and competitive advantage deteriorate. Critical competences are lost precisely when they are most needed. The organisation buys time, but at the cost of future optionality.

When Restructuring Reinvents Value Creation

Organisations that emerge stronger from disruption take a fundamentally different approach. They recognise that efficiency alone cannot close the gap and that existing value creation no longer supports future competitiveness. Restructuring becomes a deliberate effort to reinvent how value is created and captured. New competences play a central role here, not as efficiency tools, but as foundations for new offerings, new economics and new ways of competing. In today's environment, digital and AI increasingly represent these critical competences.

Processes are redesigned to support new products and services rather than legacy ones. Organisational structures are adapted to enable speed, experimentation and accountability. New units are created to develop and commercialise new products and services, often with their own profit-and-loss responsibility and decision rights aligned with innovation rather than operational stability. Product and service portfolios change fundamentally. New offerings, business models and ecosystem partnerships reshape how the organisation competes. Restructuring in this situation explicitly combines reskilling with targeted hiring, injecting missing competences in areas such as product management, data, AI, software engineering and commercialisation.

How to Tell Whether Your Restructuring Is Buying Time or Building the Future

Most restructuring programmes look convincing when announced. What matters is what follows. When restructuring is defensive, leadership attention remains fixed on efficiency metrics. New initiatives are discussed mainly in terms of automation. Product roadmaps are postponed. Talent is reduced broadly rather than selectively.

When restructuring builds the future, the agenda shifts quickly. Discussions focus on new products and services, changes in value creation and missing competences. New initiatives move into the core of commercial and strategic debates. Structures are adapted to support emerging businesses. The clearest signal is structural. If restructuring leaves the organisation fundamentally unchanged, renewal is unlikely. When space is created for new value creation to develop, strategic degrees of freedom increase.

Translated into today's market environment, conversations about digital and AI must therefore shift. Rather than being seen primarily as tools for efficiency or workforce reduction, they need to be treated as essential core competences and embedded across the organisation, from processes to products and services.

The Leadership Commitment Behind Strategic Reinvention

Moving from defensive restructuring to strategic reinvention is not a matter of better analysis. It is a matter of commitment. Leaders must accept tensions that efficiency programmes seek to eliminate. Parallel forms of value creation must coexist. New businesses will most likely underperform initially. Metrics will diverge. Cultural friction will increase.

Strategic reinvention requires explicit protection of emerging value creation. Digital and AI competences must be treated as business-building assets, not internal services. New units require autonomy, resources and time. Most importantly, leaders must recognise the asymmetry of loss and gain. Costs can be cut again. Lost competences, missed market windows and dismantled capabilities are far harder to rebuild. Restructuring is therefore not merely a response to pressure. It is a declaration of intent.

From Cost Reduction to Renewal

Restructuring is inevitable in a world shaped by digitalisation, artificial intelligence and accelerating competition. But its impact is not predetermined. Used narrowly, restructuring manages decline more efficiently. Used strategically, it becomes a catalyst for renewal.

The difference lies in where leaders start. When restructuring begins with cost targets or organisational charts, it optimises the present. When it begins with how value creation must evolve, it reshapes the future. In this latter logic, restructuring is not an isolated efficiency programme. It is the organisational consequence of strategic decisions about future products and services, value creation models and the competences required to deliver them. Operational changes realign cost structures and processes with a changing value creation logic. Organisational adjustments ensure that decision rights, incentives and coordination mechanisms support the development and scaling of new competences. Portfolio choices define where the organisation will compete and which offerings it will prioritise.

What distinguishes this approach is its sequencing. Instead of optimising today's organisation and hoping it will remain relevant, leaders deliberately shape tomorrow's competences and allow structure, processes and cost bases to follow. Digital and AI competences are the most visible drivers today, but they will not be the last. New technologies, regulatory shifts and societal expectations will continue to reshape value creation. Organisations that learn to restructure around competences rather than around cost alone will be best positioned to adapt to whatever comes next.

Key Takeaways

- **Restructuring outcomes depend on context, not measures.**

  The same cost and organisational actions can stabilise performance, erode competitiveness or enable renewal depending on market disruption and competence choices.

- **Efficiency alone no longer secures competitiveness.**

  Optimising existing operations improves short-term performance but does not address shifts in value creation, customer expectations or competitive dynamics.

- **Restructuring is fundamentally a value creation decision.**

  Choices about products, services and portfolio direction determine which restructuring paths can succeed.

- **Digitalisation and AI should be treated as core organisational competences.**

  Their strategic impact lies in enabling new offerings, business models and economics, not merely in automating existing processes.

- **Competence-led restructuring aligns value creation, organisation and cost deliberately.**

  It starts with future-relevant competences and allows structure, processes and cost bases to follow.

About ARVIEN.

ARVIEN is a strategy and transformation advisory focused on helping organisations navigate periods of structural change. We work with senior leaders and boards to align strategy, organisation and value creation in environments shaped by disruption, technological shifts and evolving competitive dynamics.

Our work centres on competence-led transformation: supporting organisations in redefining how value is created, which competences are required to compete in the future, and how structures, processes and portfolios must evolve accordingly. This includes the strategic design and restructuring of digital and AI-driven businesses, as well as the renewal of established operating models.

ARVIEN is founded and led by former executives and senior leaders from complex organisations, bringing first-hand experience in shaping and executing transformation under real-world constraints. We support clients from initial strategic framing through organisational redesign and implementation, combining analytical rigour with hands-on leadership experience across industries.

To learn more about our perspective and work, visit www.arvien.co.