Advanced Topics in Organization Design

—TOOLS—
(colored pages from binder)

September 25-28, 2018
Tab 2: Review of Key Frameworks
Star Model: Diagnostic Questions and Design Domain

Sue Mohrman and Chris Worley
Center for Effective Organizations
Strategy

- Is there a clear business strategy?
- What is the strategy?
- What new capabilities are required?
- What are the key success factors?
- What are the key technologies, products/services, customer sets, geographies?

- Processes that will be carried out in-house
- Processes that will be contracted or secured by partnerships or alliances
- Activities that are no longer required
- Aspects of the strategy that require differentiation and variation across different parts of the business
- Aspects of the strategy that provide opportunities to leverage resources across the organization

Adapted from: J. Galbraith
Work Processes/Capabilities

- Are there work processes/capabilities that have become more important given the business strategy?
- Which work processes/capabilities currently work well, and which need to be improved?
- Where does coordination/integration breakdown?
- Do support processes meet the requirements of the businesses?

- **Key processes that deliver value to customers**
- **Core work processes/capabilities along the value chain**
- **Support processes: infrastructure, information and accounting, purchasing, human resource support**

Adapted from: J. Galbraith
Structure

- What key dimensions need to be managed (e.g. function, product, customer, geography, etc.)?
- How does the current structure facilitate or impede effective management of these dimensions?
- How does the current structure impede or facilitate work effectiveness/mission accomplishment?

- Core business units required
- Work processes / work structures
- Lateral/overlay structures to integrate across core units -- Temporary and permanent
- Shared service units (economies of scale, uniformity)
- Centers of expertise (critical mass, strategic importance)
- Central (corporate, group, divisional) functions (control, strategic direction, governance)
- Leadership/management roles and structures; reporting relationships
- Structural linkages to supplier and partner organizations
- Information technology infrastructure

Adapted from: J. Galbraith
Management Processes

- How is direction set and cascaded through the organization? How well does it work?
- Are decision-making processes clearly defined and well understood - where do they break down?
- Does the right information get where it needs to be for effective performance?
- Are there processes in place for learning across the organization and improving work and business processes?

- **Direction Setting**: vision, values and norms, strategy formation
- **Translation of strategy into goals and objectives** for various units, levels, and dimensions—alignment processes
- **Control and Performance Management**: Budgeting, Accounting, Measuring, Auditing, Reviewing, Preventive and Corrective Action
- **Decision Making**: Roles, Authority, Systematic Processes, Appeals, Documentation, Accountabilities
- **Communication**: Strategic, Tactical/Coordination, Customer, Business, Learning/Knowledge
- **Improvement/Learning Processes**: Lessons learned, Documentation, Quality Improvement, Communities of Practice

Adapted from: J. Galbraith
Rewards and Performance Management

- Does the reward system motivate and reward required individual, team and business unit performance?
- Does the performance assessment process provide relevant feedback and include performance improvement planning?

- Reward performances key to strategy
- Rewards acknowledge value contributed
- Rewards acknowledge competencies required to carry out strategy
- Rewards recognize and foster interdependencies
- Rewards develop desired culture
- Rewards flexible enough for diversity of business units/work
- Performance assessment provides individual/team review and feedback and improvement planning.

Adapted from: J. Galbraith
People

- What new competencies are required to carry out the strategy?
- Is there a good process for developing needed competencies and making sure people have requested job experiences and meaningful career paths?

- Competencies required to carry out strategy
- Competency development systems/Human resource and succession planning
- Framework for employment relationship(s)—values, expectations, obligations
- Competency acquisition:
  -- Attracting, retaining, developing
  -- Contracting, partnering
- Career development/human resource deployment processes
- Involvement/commitment strategy

Adapted from: J. Galbraith
Tab 5: Dealing with Complexity: Full-system and Sub-system Redesigns

Sue Mohrman
Center for Effective Organizations
Design Flow

Values
Strategy (from L.T.)
Diagnosis (from L.T. and Team Members)
The Foundation

L.T. = Executive Team
E.I.T. = Extended Input Team

OPERATING MODEL
CRITERIA
CAPABILITIES & KEY WORK PROCESSES

SYSTEM LEVEL STRUCTURAL DESIGN (CORE & LATERAL)

MANAGEMENT PROCESSES & REWARDS

PEOPLE PROCESSES

Full System Review & Iteration

Full Blueprint Completion

High Level Implementation Recommendations

Hand-off to newly designed Implementation Organization

Implementation & Iteration of Design Blueprint
About Your Organization:

In what areas does the corporation seek leverage?

In what areas does the corporation seek local optimization?

What approaches does it use to achieve leverage?
“Pulls” Product
“Bundles” Products
“Customizes” Products & Service
“Provides” Services
Team/Organization Interdependencies - Example

**Team Inputs & Outputs:**
Using a circle in the center of the page to indicate your team, draw other circles surrounding your team to represent the individuals and groups with which your team will have a significant interface. Use arrows between the circles to show whether your team/org provides major outputs to or receives major inputs from that individual or group, and list these inputs and outputs alongside the arrows. Inputs and outputs can be products, services, and/or information.
Designing Sub Units

- The “strategy” of a sub-unit is determined in relationship to:
  - the overall strategy of the larger organization
  - the mission of the sub-unit in the organization – i.e., the value it is expected to deliver to the larger organization

- The sub-unit has to be designed in relationship to its context.

- Sub-unit redesign may be triggered by:
  - a redesign of the larger organization
  - a need for the sub-unit to improve performance and/or to deliver increased or different value to the larger organization
Beginning Value Stream: Integrating the System

Partner Grower Network

U.S/Canada Regions

Mexico Regions

Growing & Supply Management
U.S./Canada

Growing & Supply Management
Mexico, Chile

Supply Chain Coolers & Distribution
U.S.; Mexico, Chile

Customers

Consumers

Weekly forecast

Daily short term adjustments

R&D

2-3 year Planning

Nursery

Applied Research (AR)

2-3 year Planning

15-20 year plan

(17)
Beginning Value Stream: Integrating the System

Product Business Units

Country Units

Partner Grower Network
- U.S./Canada Regions
- Mexico Regions

Growing & Supply Management
- U.S./Canada
- Mexico, Chile

Supply Chain Coolers & Distribution
- U.S.; Mexico, Chile

Customers

Sales and Marketing

R&D

Applied Research (AR)

Nursery

1. 2-3 year Planning
2. Weekly forecast
3. Daily short term adjustments
4. 10-20 year plan
Beginning Value Stream: Integrating the System

Product Business Units

Country Units

Partner Grower Network
- U.S./Canada Regions
- Mexico Regions

Growing & Supply Management
- U.S./Canada
- Mexico, Chile

Supply Chain Centers & Distribution
- U.S., Mexico, Chile

Customers

Sales and Marketing

Integrity

R&D

Nursery

Applied Research (AR)

Weekly forecast

Daily short term adjustments

2-3 year Planning

15-20 year plan

Innovation: Single Point of Accountability
Identify Your Unit’s “Value Proposition”/(Strategy)

**FIRST TASK: DEFINE WHAT HAS CHANGED/IS CHANGING IN THE FULL ORGANIZATIONAL SYSTEM AND IMPLICATIONS FOR THIS SUB-UNIT**

<table>
<thead>
<tr>
<th>What are the major changes in the company’s organizing model?</th>
<th>What are the changing expectations for this unit?</th>
</tr>
</thead>
</table>

**SECOND TASK: DESCRIBE YOUR UNIT’S VALUE PROPOSITION/STRATEGY**

<table>
<thead>
<tr>
<th>Value provided to internal stakeholders (specify which ones)</th>
<th>Value provided to external customers/stakeholders (specify which ones)</th>
</tr>
</thead>
</table>
[Company]’s mission is to deliver delightful berries to consumers through alignment with growers and customers.

Strategic plans for the four berry businesses are the core of [Company]’s strategy.

The product organization leads full value stream alignment for each of the berries, focusing on providing customers and consumers with berries that delight them and enable the Enterprise to thrive.

### Contribution of Product Leadership to [Company]’s Capability to execute its Strategy:

- Develops the strategies, enabling frameworks, and new product development support for the berry businesses that are the defining dimension and P&L units of the organization.
- Leads and integrates the full value stream integration for each of the berries, keeping a sharp focus on delivering berries that delight the consumer.
- Ensures the health of the Enterprise by working with all functions to increase the value of the fruit in the short, mid and long term.
- Helps maintain a strong multi-country network of grower partners by leading the Enterprise P&L and business model processes.
Designing The Unit

**THE DESIGN SEQUENCE:**

1. Determine the Criteria for the Sub-Unit’s Redesign
2. Analyzing Your Key Value – Adding Processes and Stakeholders
3. **Structural Design: Core and Lateral**
   - Choosing A Design Logic for Identifying Primary Clusters or Units
   - Identifying Overlay Units and Other Lateral Coordination Mechanisms
   - Identifying Linkage Mechanisms with Other Units*
   - Role and Charter Clarification
4. **Defining Key Management Processes**
   - Direction Setting: Goal-Setting, Resource Allocation
   - Communication
   - Decision Making
5. **Defining Reward and People Processes at Unit and Individual Levels**
   (Tailoring Full System Approaches)
   - Metrics, Review Processes, and Development Activities

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*These steps need to be carried out collaboratively with other units*
New and Changed Elements of the Product Leadership Organization:

- **Product Leadership Group:** Product business management has been moved out of marketing and sales and is now responsible for full value stream leadership to ensure sustainable, profitable berry businesses.

- **Berry Business Leaders lead the Cross-Functional Enterprise Profitability Process for a berry type,** including the pro-forma, actuals reporting, and business model sub-processes.

- **Empowered Cross-Functional Teams:** To increase the strategic and forward looking focus of the berry businesses, while also ensuring their achievement of Enterprise P&L targets, each berry business operates through two cross-functional teams:
  - **Berry Leadership Team:** Develops and advances the strategy and builds the framework to achieve Enterprise success of the berry business to ensure that delightful berries are profitably and sustainably delivered to the consumer.
  - **Berry Execution Team:** Manages supply & demand balance to optimize fruit value and align with customers in the marketplace

- **New Product Development:** New Product Development aligns innovation plans with the Berry and DOTA strategies, leads the prioritization process, and ensures sufficient resource commitment and project leadership. It leads the cross-functional product innovation processes.

- **[Company] Strategic Planning:** Because the berry plans are the core of [Company] strategy, [Company] strategic planning will report into the head of Product Leadership.
## Summary of Lateral Accountabilities for Product Leadership

### The Cross-Functional Teams that Product Leads.
- Berry Leadership Team led by Berry Business Leader.
- Berry Execution Team led by Berry Business Manager.

### Cross-Functional Teams where Product deploys member (functional reports or extended members).
- S&OP Advance Planning Team from Supply Chain: Product Leader is a functional member.
- S&OP Master Planning Team from Supply Chain: Berry Business Managers are extended team members.
- Global Expansion Team from Sales & Marketing: Berry Business Leader is a functional member.

### Dual Reports to Product and other organizations.
- Business Planning and Analysis (Product Leadership Lead and [Company] CFO).

### The Laterals Process that Product Leads/Owns: sub processes that it leads or integrates.

#### New Product Development led by New Product Development:
- Varietal Line Extension led by Berry Business Leaders and Supply Director as the integrator.
- Packaging Update led by Berry Business Leader and Procurement as the integrator.
- New Product/SKUs led by Berry Business Leader and New Product Development as the integrator.

#### Enterprise P&L led by Berry Business Lead:
- Enterprise P&L Pro-forma led by Berry Business Leader and Business Planning and Analysis.
- Enterprise P&L Reporting Actuals led by DOTA Finance and Ad hoc team formation for Berry Business P&L deep dive.
- Business Model Management led by Berry Business Leader and Production Management executes a hub-and-spoke for obtaining information from Growers.

#### Berry Period Planning led by Berry Product Manager:
- Grower Economics led by Berry Business Manager.
- Execution of First Year BBP Targets led by Berry Business Manager.

### Lateral Processes Led by other units where Product is involved in the process.

#### Delight Integration and Execution led by Product Leadership and QA as the overall integrator:
- Prioritization of Continuous Improvement Initiatives sub-processes led by Berry Leadership.

#### Product Strategy sub-processes led by Product Marketing and integrated by Berry Business Team.

#### Berry Business Planning sub-processes led by Berry General Manager.

#### Financial Plan sub-processes led by [Company] Finance and where Planning & Analysis participate on the process.
# Team Charter

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
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<tbody>
<tr>
<td>Team mission:</td>
<td></td>
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<tr>
<td>Team goals:</td>
<td></td>
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<tr>
<td>Stakeholders:</td>
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<tr>
<td>- Customers:</td>
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<td>- Managers:</td>
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<td>- Co-Performers:</td>
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<td>Resources:</td>
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<tr>
<td>Decision authority:</td>
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<td>Requirements for integration with other groups:</td>
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<td>Communication responsibilities:</td>
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<td>Escalation paths:</td>
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<td>Review processes:</td>
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Design Involvement

- Iterative involvement in:
  - Visioning
  - Diagnosing
  - Developing criteria
  - Assessing designs
  - Determining implementation plans
  - Assessing and refining the design

EXECUTIVE TEAM

DESIGN TEAM
- Key Perspectives
  - Leaders
  - Knowledge Innovators

Various Stakeholders

EXECUTIVE TEAM

DESIGN TEAM

Key Perspectives
  - Leaders
  - Knowledge Innovators

Various Stakeholders
Design Involvement

Executive Team

Design Team: Macro-Design and Integration of Component Designs

Iterative involvement

Stakeholders

Sub-System/Infrastructure Design: Multi-Stakeholder Teams

I.T. Applications

H.R. Practices & Systems

Planning & Goal-Setting

Etc.

Unit-Level Design & Tailoring

Sub-Unit Stakeholder Design Teams
Tab 6: The Lateral Organization Revisited: Making the Matrix Work

Beth Gunderson
Center for Effective Organizations
### Defining Key Lateral Mechanisms

<table>
<thead>
<tr>
<th>Processes being Integrated Laterally</th>
<th>Units Involved</th>
<th>Lateral Mechanisms</th>
<th>Accountabilities</th>
<th>Leadership/Ownership</th>
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* Processes can address needs for integration for purposes of governance, task interdependence, resource leverage, and learning.
### Defining Key Lateral Mechanisms—Example

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<th>Processes being Integrated Laterally</th>
<th>Units Involved</th>
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<th>Accountabilities</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Forecasting</td>
<td>Category Team</td>
<td>Cross functional overlay team</td>
<td>Build and continually update the dynamic forecast.</td>
<td>Category Team</td>
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<td></td>
<td>Customer Team</td>
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<td>Ongoing communication to key stakeholders.</td>
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<td>Distribution</td>
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* Processes can address needs for integration for purposes of governance, task interdependence, resource leverage, and learning.
# Design Communication Processes & Systems

<table>
<thead>
<tr>
<th></th>
<th>Content of Information</th>
<th>Communication Media</th>
<th>Accountabilities Who, For What?</th>
<th>When?</th>
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<tbody>
<tr>
<td><strong>Ongoing Tactical Coordination</strong></td>
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<td><strong>Performance Related Goals, Feedback</strong></td>
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<tr>
<td><strong>Learning and Improvement</strong></td>
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<tr>
<td><strong>Strategic Environmental Scanning and Planning</strong></td>
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Planning and Goal Setting – (CC)

- Strategic planning reflects all three dimensions
- Product planning drives the process—Working with customer plans, project commitments, and functional capital/investment capability
- Functional plans constructed to execute product plans (by cell)
- Iteration & commitment to contribution in each cell
- Metrics determined
- Regular reviews and updates
- Rewards reflect multiple dimensions
# Decision-Making Responsibility Chart

<table>
<thead>
<tr>
<th>Parties to Decisions</th>
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**KEY:**
- E = Escalation Path
- D = Decision Authority
- R = Recommend
- I = Input
- N = Need to Know
- U = Uninvolved
Tab 9: Today’s Design Challenges: Innovation, Digitalization, and Networks/Ecosystems

Chris Worley/Sue Mohrman/Beth Gunderson
Center for Effective Organizations
Exercise and Discussion: Innovation

- What organizational approaches is your organization using to enhance its capacity for innovation during disruption?

- How successful are these approaches?—How well are these approaches working?

- What challenges/issues are you confronting in using these approaches effectively to adapt to disruption?
Exercise and Discussion:
Networks, Eco-system Designs and Collaboration

▪ What network approaches is your company using and for what purposes?

▪ How successful are these approaches?—How well are these approaches working?

▪ What challenges/issues are you confronting in using these approaches effectively to adapt to disruption?
Exercise and Discussion: Digitalization

- What digital initiatives are underway in your company and for what purposes?
- How successful are these initiatives working to help achieve the strategy?
- What challenges/issues are you confronting in using digital approaches effectively to adapt to disruption?