

Module 1 (Week 1 – Monday, 9.21)

# Strategy's Central Role in Organizational Redesign

**TOOLS**



## The “From-To” Tool

- What are the traditional (from) and desired (to) elements of your strategy?
  - How are products, customers, markets, technologies, and approaches changing?
  - How is your unit changing with respect to its aggressiveness in innovation, risk taking, marketing, or customer experience?
  - How is your unit changing with respect to its differentiators?

From (old strategy)	To (new strategy)

- What are the change implications?



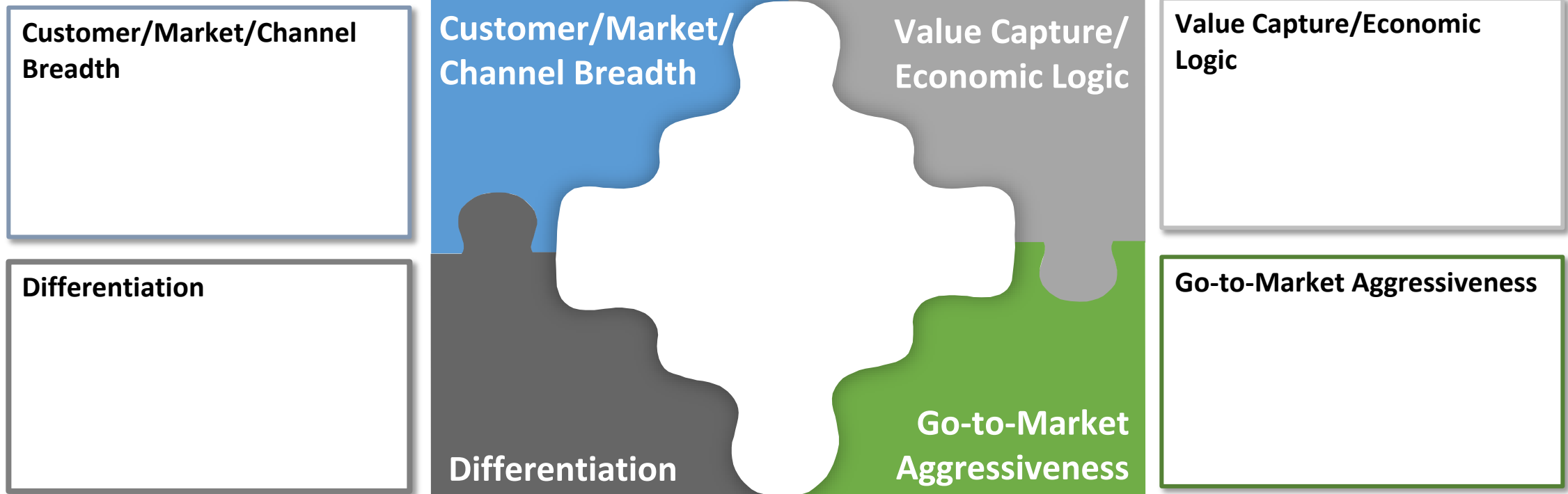
Strategy	Objective	Breadth	Aggressiveness	Differentiation
<b>Build</b>	<b>Revenue growth</b> through market penetration, product development, and market development	Can be broad or narrow	High: Attack, end-run offensive, pre-emptive strikes	Explicit (cost, quality, service)
<b>Focus</b>	<b>Profit growth</b> through product improvement and appeals to quality or performance conscious buyer	Relatively narrow	Best for high market share products or markets with vacant niches	Attention to yields, costs, segmentation, and stage of life cycle
<b>Defend</b>	Protect current position through blocking of rival attacks	No change	Must display willingness to spend money to keep market share	Must know competition well
<b>Harvest</b>	To generate cash flow for use in other product lines	Signaling intent, disinformation	Cost-cutting orientation	
<b>Turnaround</b>	To arrest and reverse a serious decline in profitability and market position	Narrow	High: Focus on either costs or revenues	Business must have potential- diagnosis of causes crucial



Strategy	Objective	Breadth	Aggressiveness	Differentiation
Compliance and Assurance	The unit serves a risk management function that helps to keep the organization within legal and regulatory frameworks	Enterprise wide	Too aggressive can be a problem – constrains risk taking	Credibility of subject matter experts
Scale and Leverage	The unit serves a forcing function that drives toward cost efficiency in internal processes	Enterprise wide	Must guard against being unresponsive to businesses (shadow organizations) and not being tough on standardizing key processes	Cost/unit
Advantage Driver	The unit serves a value creation function to focus and coordinate organization resources and operations	Narrow, Focused, Strategic – Cannot do it all	Must guard against being soft on metrics of success, not leveraging horizontal (lateral) opportunities	Credibility of subject matter experts



In your breakout groups review the General Mills Strategic Framework - discuss and complete as much of this Business Model Template as you can.



Adapted from Slywotski (1995), Osterwalder (2004), Lawler & Worley (2006)

Module 2 (Week 2 – Monday, 9.28)

# Strategy → Capabilities and Design Criteria

**TOOLS & WORKSHEETS**

1. Given our strategy, what new and existing capabilities (and their underlying key work processes) are required?
2. How strong are these capabilities and work processes compared to what's needed?

Capabilities	Rating

Key Work Processes	Rating

Rating: **+** = Strong  
**-** = Weak compared to what's needed



### THE FOUNDATION



### DEVELOPING CRITERIA TO GUIDE DESIGNING

1. Provide a short lecturette.
2. Ask each person to develop 4-5 criteria:
  - We want an organization that can (do what?)...
3. Share in small groups; develop a list of 3-5 criteria.
4. In the large group, create a master list of all proposed criteria (no duplicates).
5. Give each person 6 votes and identify the top 6 criteria.
6. Give people a chance to bring up concerns and try to influence the others.
7. Prioritize the criteria – what's most important?



1. Move to optimize organizational set up through five area structures that drive business locally and be customer's voice in dialog with center
2. Achieve higher effectiveness by increasing decision making speed by empowering lower level organizations
3. Achieve higher effectiveness through more effective resource allocation processes
4. Increase organizational alignment – front line accountability for business growth with functions providing effective line support
5. Increase executional excellence through better utilization of cumulative capacity of organizational mind power
6. Project scope encompasses all field activity related processes and those processes enabling systems and budgets
7. Uphold current legal set up and common core brand portfolio.
8. Create a centralized price setting mechanism.
9. Alignment mechanisms ensuring critical mass of activities mass and impact.
10. Potentially establish a single distributor / logistics provider for industry.
11. Shallow local talent pool and absence of expat infrastructure outside St Pete and Moscow.
12. Fit the new organization to corporate / regional corporation org template.
13. Clear segregation of accountabilities - front line (business building) vs. back office (business support)
14. Org structure template alignment between Areas and central functions
15. Create Territory management
16. Increase alignment between “marketing” and “sales”

**In your breakout groups:**

- Read over the proposed initial (master) list of design criteria and identify 2-3 criteria that you believe most need revision, keeping in mind the situation analysis
- Where does the proposed criteria meet/not meet the standards?
- How would you revise the proposed criteria to a better version

	Specific	Differentiating	Actionable	Future oriented	About Capability
Proposed Criteria # ___	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet
Revised Criteria					
Proposed Criteria # ___	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet
Revised Criteria					
Proposed Criteria # ___	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet	<input type="checkbox"/> Meets <input type="checkbox"/> Does not meet
Revised Criteria					

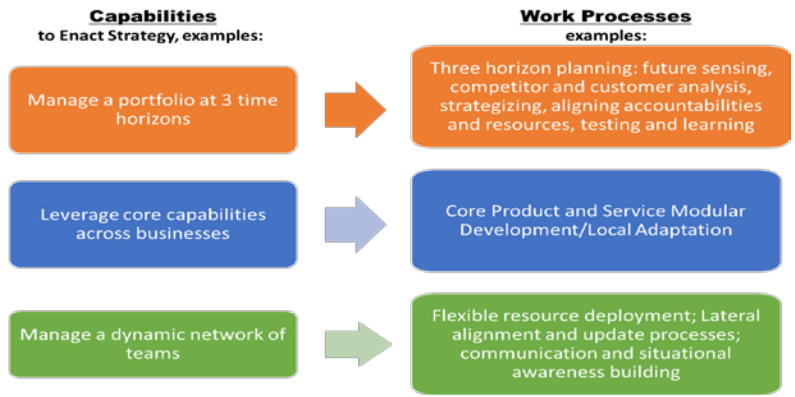




Module 3 (Week 3 – Monday, 10.5)

# Designing Around the Star: Structural Trade-Offs

**TOOLS**



Fill in the grid below with your capabilities and identify several work processes that will be required to underpin that capability:

Capabilities	Work Processes



Using the worksheet/diagnostic tool provided below carry out a structural diagnosis of your organization.



**Step 1:** How well suited is the current organization to carry out the strategy and achieve the criteria?

- What structural elements support the strategic direction?
- What structural elements work against it?

SUPPORT

WORK AGAINST

**Step 2:** Generate some initial “hypotheses” about what kind of structural changes (core and lateral) would better align the organization with where it is trying to move?

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**Step 3:** Draw a picture or pictures of a possible core structure and needed lateral connections.

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Module 4 (Week 4 – Monday, 10.12)

# Designing Around the Star:

## Designing Core and Lateral Structures

### TOOLS





## *Some Useful Tools*



	Key Accountabilities	Indicators of Success
<b>Product Development</b>		
▪ Product Marketing and Consumer Insights		
▪ Style and Design		
▪ Supply Chain		
<b>Retail</b>		
▪ Consumer Marketing		
▪ Upscale		
▪ Commodity		
<b>Marketing</b>		
▪ Brand Management		
▪ Market Intelligence and Analytics		
<b>Region Teams</b>		
<b>Channel Teams</b>		
<b>Marketing Network</b>		





	<b>Vertical Work</b>	<b>Lateral Work</b>	<b>Lateral Approaches</b>
Style & Design			
Supply Chain			
Retail			
Marketing			
Channel Team			
Region Team			

**KEY:**

Vertical Work = Work performed largely in the unit.

Lateral Work = Work that cuts across units.

Lateral Approaches = Structural approaches to connect/integrate lateral work.



<i>Business Unit - Organizations</i>	<i>Vertical Work</i>	<i>Lateral Work</i>
<b>Product Development:</b>  <b>Style and Design</b>	<ul style="list-style-type: none"> <li>➤ Product Strategy Formulation</li> <li>➤ Line Planning</li> <li>➤ New Product Design</li> <li>➤ Rapid Iteration</li> </ul>	<ul style="list-style-type: none"> <li>➤ Product Strategy Implementation</li> <li>➤ Product Cost Management</li> <li>➤ New Product Development</li> <li>➤ Regional Variation</li> </ul>
<b>Product Development:</b>  <b>Supply Chain</b>	<ul style="list-style-type: none"> <li>➤ Operations Efficiency Optimization</li> <li>➤ Flexible Scaling and Contractor Management</li> <li>➤ Supply Chain Management:                             <ul style="list-style-type: none"> <li>▪ Procurement</li> <li>▪ Production</li> <li>▪ Distribution</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Forecasting</li> <li>➤ Regional Logistics and Reordering</li> <li>➤ Market and Promotion Planning</li> </ul>
<b>Product Development</b>  <b>Product Marketing and Consumer Insights</b>	<ul style="list-style-type: none"> <li>➤ Analytics and Trending</li> </ul>	<ul style="list-style-type: none"> <li>➤ Real Time Product Adjustment</li> <li>➤ Co-Design, Resource Optimization</li> <li>➤ Campaign Planning</li> <li>➤ Customer Targeting</li> </ul>
<b>Retail:</b>	<ul style="list-style-type: none"> <li>➤ Marketing and Promotion Execution.</li> <li>➤ Business Reviews</li> <li>➤ Customer Solutions</li> <li>➤ Footprint Planning</li> </ul>	<ul style="list-style-type: none"> <li>➤ Customer Relationship Management</li> <li>➤ Solutions and Product Sales &amp; Service</li> <li>➤ Customer Joint Value Planning</li> <li>➤ Pricing</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>➤ Customer distribution planning</li> <li>➤ Initiative Planning</li> <li>➤ Customized distribution schemes</li> </ul>	<ul style="list-style-type: none"> <li>➤ Inventory management</li> <li>➤ Distribution Center Management</li> <li>➤ Vendor and Transportation Management</li> </ul>
<b>Business Services</b>	<ul style="list-style-type: none"> <li>➤ Business Plan Deployment</li> <li>➤ Corporate Promotion &amp; Marketing</li> <li>➤ Multi-Category Services</li> <li>➤ Customer Portal</li> <li>➤ Visual Communication &amp; Design (Branding)</li> <li>➤ Initiative Delivery</li> </ul>	<ul style="list-style-type: none"> <li>➤ Work Process Development and Support</li> <li>➤ Shared Technology Development</li> </ul>

# Defining Key Lateral Mechanisms—Example

**TOOL**



Processes being Integrated Laterally	Units Involved	Lateral Mechanisms	Accountabilities	Leadership/ Ownership
<b>Forecasting</b>	<ul style="list-style-type: none"> <li>➤ Channel Team</li> <li>➤ Regional Team</li> <li>➤ Supply chain</li> <li>➤ Product Marketing</li> </ul>	Cross functional overlay team	<ul style="list-style-type: none"> <li>➤ Build and continually update the dynamic forecast.</li> <li>➤ Ongoing communication to key stakeholders.</li> </ul>	Retail Channels

\* Processes can address needs for integration for purposes of governance, task interdependence, resource leverage, and learning.

# Defining Vertical and Lateral Work for Each Unit, e.g. Pharma

**TOOL**



	<b>Vertical Work</b>	<b>Lateral Work</b>	<b>Lateral Approaches</b>
<b>Therapy Business Leadership Team</b>	TA Strategy Priorities and Goals	Coordinating Cross Regionally and with Functions; X-regional Market strategies and synergies	X-regional Market Council Functional Councils
<b>Therapy Discovery Teams</b>	Discovery Process: Targets, milestones, and go/no-go decisions through animal testing	Gaining insight from clinical/therapy development functional members Coordinating with functional lab and infrastructure teams	Membership in therapy strategy and review boards  Lab planning and prioritization X-functional leadership team
<b>Discovery</b>			
<b>Development</b>			
<b>Manufacturing</b>			
<b>Sales &amp; Marketing</b>			



Work Processes to be integrated/connected laterally	Units Involved	Lateral Approach (Design Mechanisms to be Used)
<b>Clinical Trials</b>	Development Teams; Development Function (infrastructure and field relationship), Regulatory, Legal, Medical Director	Cross functional milestone and planning teams Go/Stop decision making boards



Team mission:
Team goals:
Stakeholders: <ul style="list-style-type: none"><li>▪ Customers:</li><li>▪ Managers:</li><li>▪ Co-Performers:</li></ul>
Resources:
Decision authority:
Requirements for integration with other groups:
Communication responsibilities:
Escalation paths:
Review processes:



Module 5 (Week 5 – Monday, 10.19)

# Designing Around the Star

## Management Processes, Rewards & People

**TOOLS**

# Direction-Setting

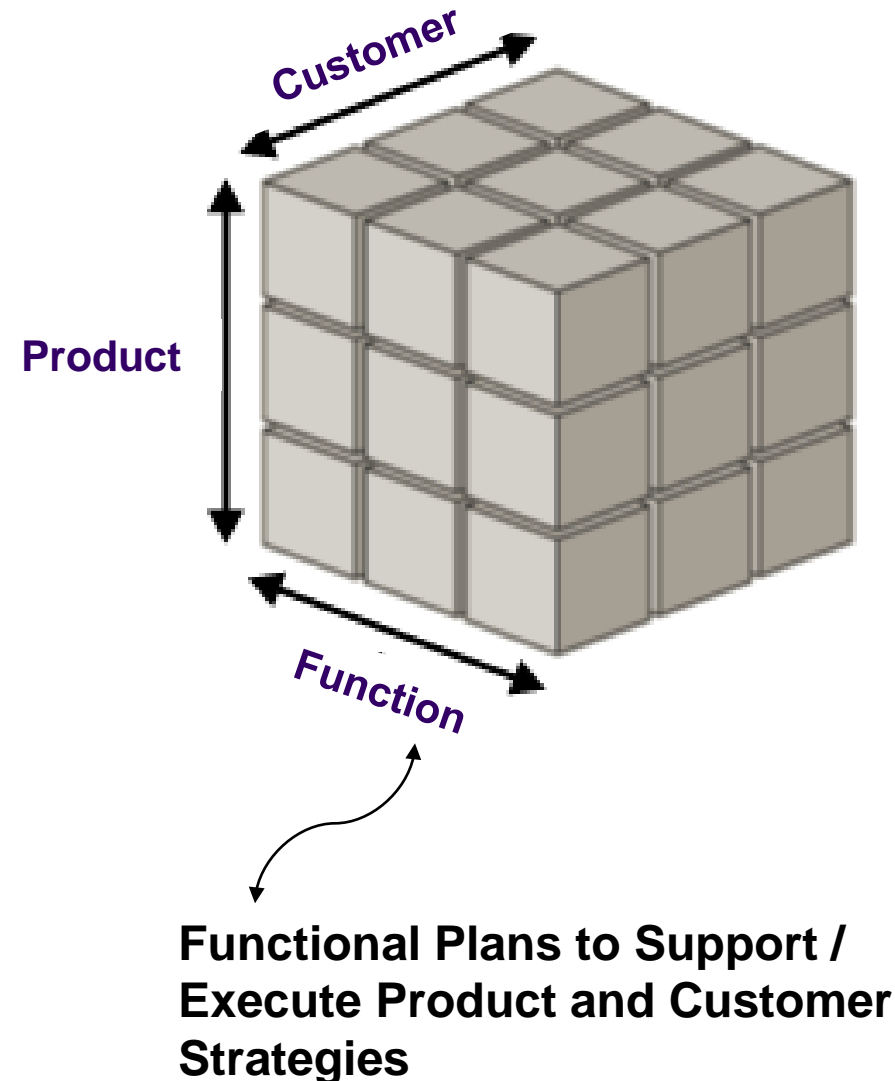


**Identify specific areas where changes need to occur in the current direction-setting processes in order to fit with the new design.**

Direction-Setting	Changes in org design that will have an impact on this element of the current direction-setting process	Specific changes required for the direction-setting process in order to fit with the new design
Strategy		
Prioritization		
Goals/Metrics		
Planning & Review		



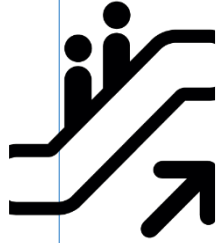
- **Strategic planning reflects all three dimensions**
- **Product and/or customer planning drives the process—> project commitments, and functional capital/investment capability**
- **Functional plans constructed to execute product plans (by cell)**
- **Iteration and commitment to contribution in each cell**
- **Metrics determined**
- **Regular reviews and updates**
- **Rewards reflect multiple dimension performance**





- **Design the vertical and horizontal strategy setting process and identify any lateral mechanisms needed (e.g., cross unit planning meetings).**
- **Identify the metrics to measure how successful the organization is at achieving its strategy and specify targets.**
- **Design the flow down process of strategy into the objectives of the organization and its component elements.**
- **Determine the review processes and mechanisms that will be used to:**
  - track progress;
  - identify changes in the environment and adjust plans and targets;
  - identify mid-course corrections in the assignment of resources and operational strategies to achieve various elements of the plan.
- **Identify accountabilities and what objectives and aspects of performance—organization, team and individual—should be recognized in the reward system.**

# Decision-Making



## E=Escalation Path

If a decision can not be reached it should rapidly escalate to the party/parties who can make the decision in a timely fashion so work can continue.



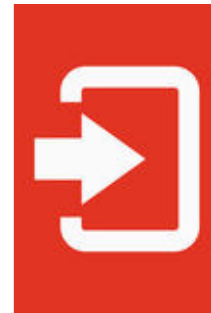
## D=Decision Authority

Party who has the final authority to make the decision.



## R=Recommend

Parties who are tasked with working through a process in making a recommendation to sponsors, who are the ultimate decision makers.



## I=Input

Parties who have expertise or authority that materially impacts the quality and outcome of the decision.



## N=Need to Know

Parties that will need to know the decision because they need to be involved in executing or their work will be impacted by it. They will not need to be involved in making the decision



## U=Uninvolved

Parties that do not need to get involved in the decision.



## Decision Grid

- A Decision Grid identifies the parties who are involved in making decisions because:
  - The decision is material to their ability to carry out their role in the organization and
  - Their input has material impact on what will be the best decision for the organization.
- It also identifies which party has the final decision (the big D).

## RACI

- A RACI describes role accountabilities along a process that delivers valued outcomes for the organization.
- It will include parties who carry out tasks as part of the process including providing information to inform the decisions that are made, and who is ultimately accountable for the effectiveness of the process.



# Decision-Making Responsibility Chart

**TOOL**



## Decisions

Parties to Decisions				

**KEY: E=Escalation Path; D=Decision Authority; R=Recommend; I=Input;  
N=Need to Know; U=Uninvolved**



- **Develop a set of decision-making guiding principles.**
- **Identify the critical decisions that must be made in the organization and fill out the decision grid:**
  - Small groups list the main parties down the left and the decisions on the right—fill out the grid
  - Large group shares, consolidates, discusses and iterates
- **Design any needed decision forums (teams, boards, councils) required for cross organizational decision making, and create a decision chart that includes them.**
- **Identify decision domains where decision-making can be built into digital platforms.**

# Communications



	<b>Content of Information</b>	<b>Communication Media</b>	<b>Accountabilities-who, for what?</b>	<b>When?</b>
<b>Ongoing Tactical Coordination</b>				
<b>Performance Related Goals, Feedback, Reporting</b>				
<b>Learning and Improvement</b>				
<b>Strategic Environmental Scanning and Planning</b>				



- Develop a set of communication principles.
- Using the worksheet, identify and design new vertical and lateral communication flows that will be required for the various parts of the organization to carry out their mission effectively.
- Which communication flows can be handled digitally?
- Identify minimal standards to enable needed flow of information throughout the organization and with stakeholders: media, protocols (if any), applications, accountabilities, and reciprocal expectations.

# People and Rewards



What changes do you recommend for the reward system	List high level specifications to align to or support design criteria, or other design features (How can NA ISC use these processes more effectively to support the strategy, criteria, operating model and culture?)
Appraisal process	
Base/Incentive pay	
Types of rewards used	
Units that are rewarded (individual, team, business unit or organization)	
Non-financial rewards	
Other	



What changes do you recommend for...	Recommended specification of systems to support performance requirements, strategy and criteria	Rationale
Systems for attracting, hiring, and retaining key talent		
Developing skills, knowledge, and competencies		
Career paths		
Leadership development		
Other		
Other		