



Enabling Executives to Find the Right Organization Design

Why Organizational Best Practices are Elusive and Potentially Damaging

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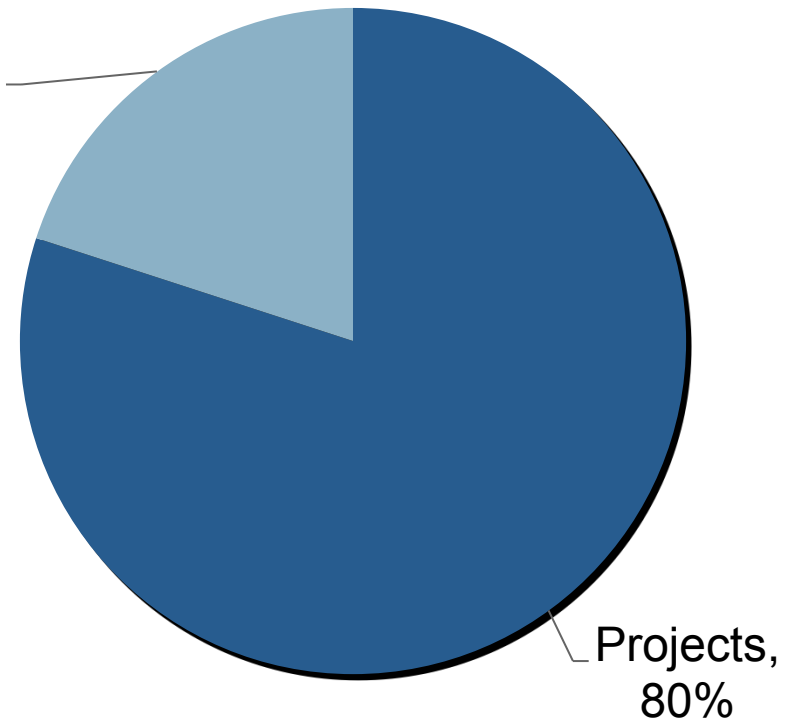
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A client-focused firm specializing in...

- Strategy and Marketplace Positioning
- Diagnosis and Assessment
- Organization Design
- Change Leadership

Capability Building,
20%

Deliver & Build



We are practitioners who strive to transfer capability

Today's Agenda

- Marketplace Differentiation Makes Replication Difficult
- The Power of a Process
- When To Look for Best Practices (and When Not To)



Marketplace Differentiation Makes Replication Difficult

Brand Promise	Aligned Capabilities & Choices				
Best Service	Staff to customer ratio	Easy store navigation	Flexible return policy	Free or convenient delivery	Higher prices
Most Unique Selection	Extensive buyer network	Exclusive product agreements	Narrow product selection	Low inventory turn	Higher prices
Lowest Price	Limited product selection	High volume sales	Efficient supply chain	Specials and deals	High inventory turn
Most Convenient	Many locations in high-traffic areas	Open long hours	Smaller stores	Limited selection	High inventory turn

Are any of these strategies incompatible?

Trying to Be Like Southwest Airlines



Continental



United



Air Canada

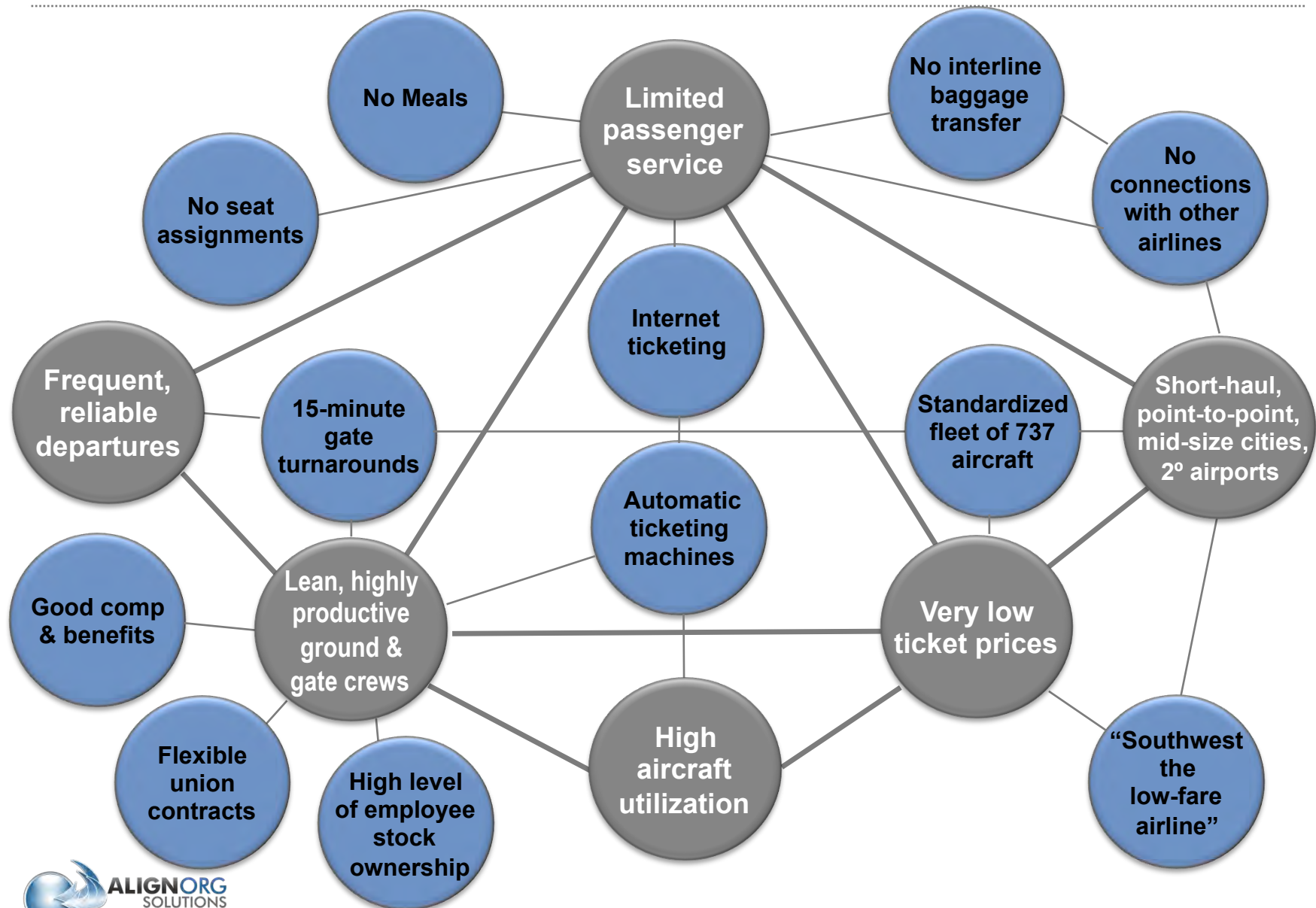


Delta



Example: Southwest Airlines' Original "Activity Map"

– Southwest Airlines' Activity System -- [HBR NOV-DEC 1996]



The Power of a Process



HOW TO SOLVE
THE MIDDLE LAYER:

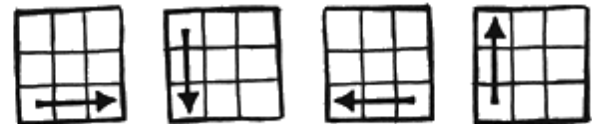


STEP 1.

MOVE MIDDLE PIECES
FROM THE BOTTOM
LAYER TO THE CORRECT
POSITIONS ON THE
MIDDLE LAYER

TOP LAYER
SOLVED

X	X	X
÷	X	X
-	X	+



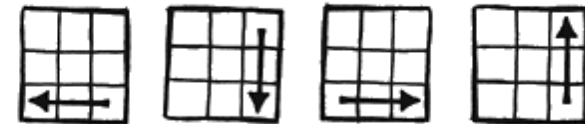
HOW TO SOLVE
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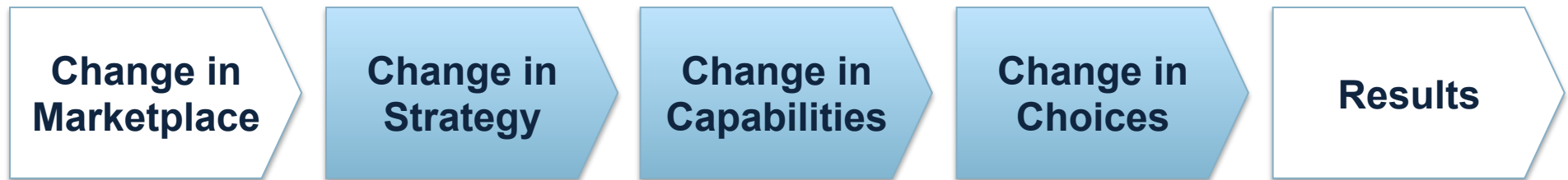
STEP 2.

TOP LAYER
SOLVED

X	X	X
X	X	÷
+	X	-



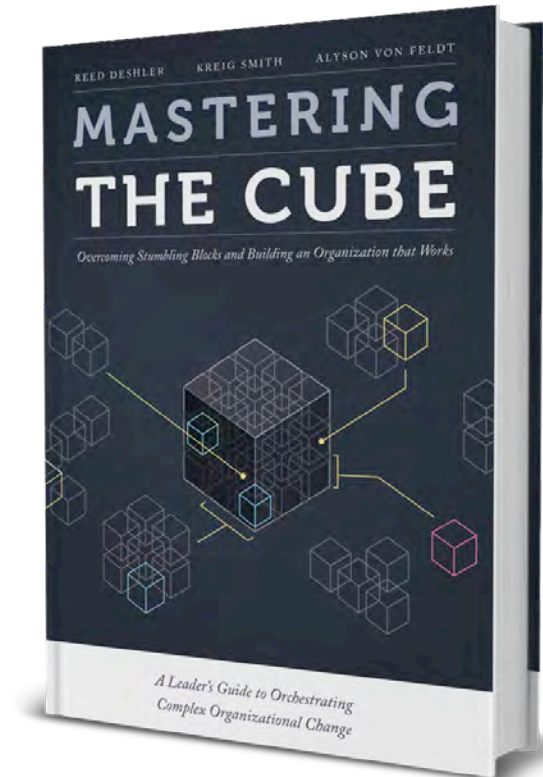
The 'Alignment' Process for Organizations

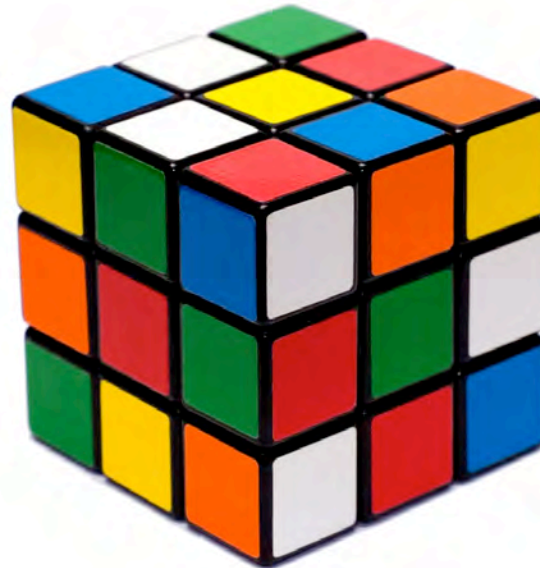


Every organizations' choices are perfectly designed to enable the results it is getting

***There is a
systematic approach
to designing any
organization***

*(just like there is for solving the
Rubik's Cube)*

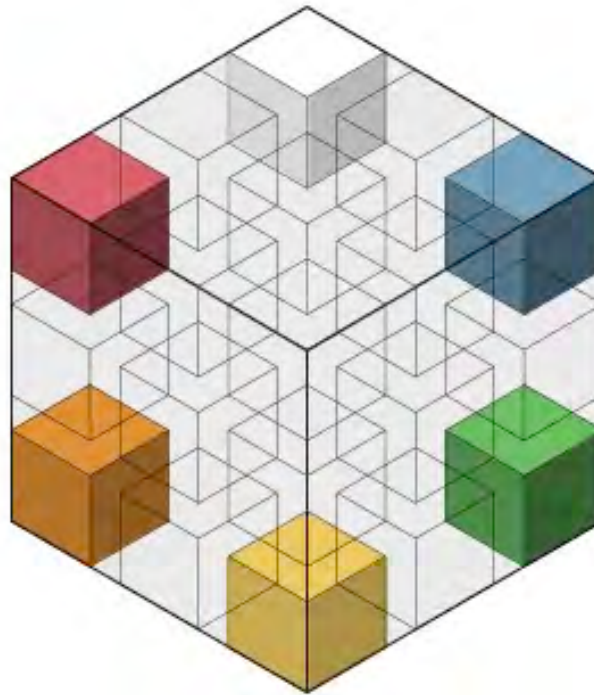




43,252,003,274,489,856,000
possible configurations

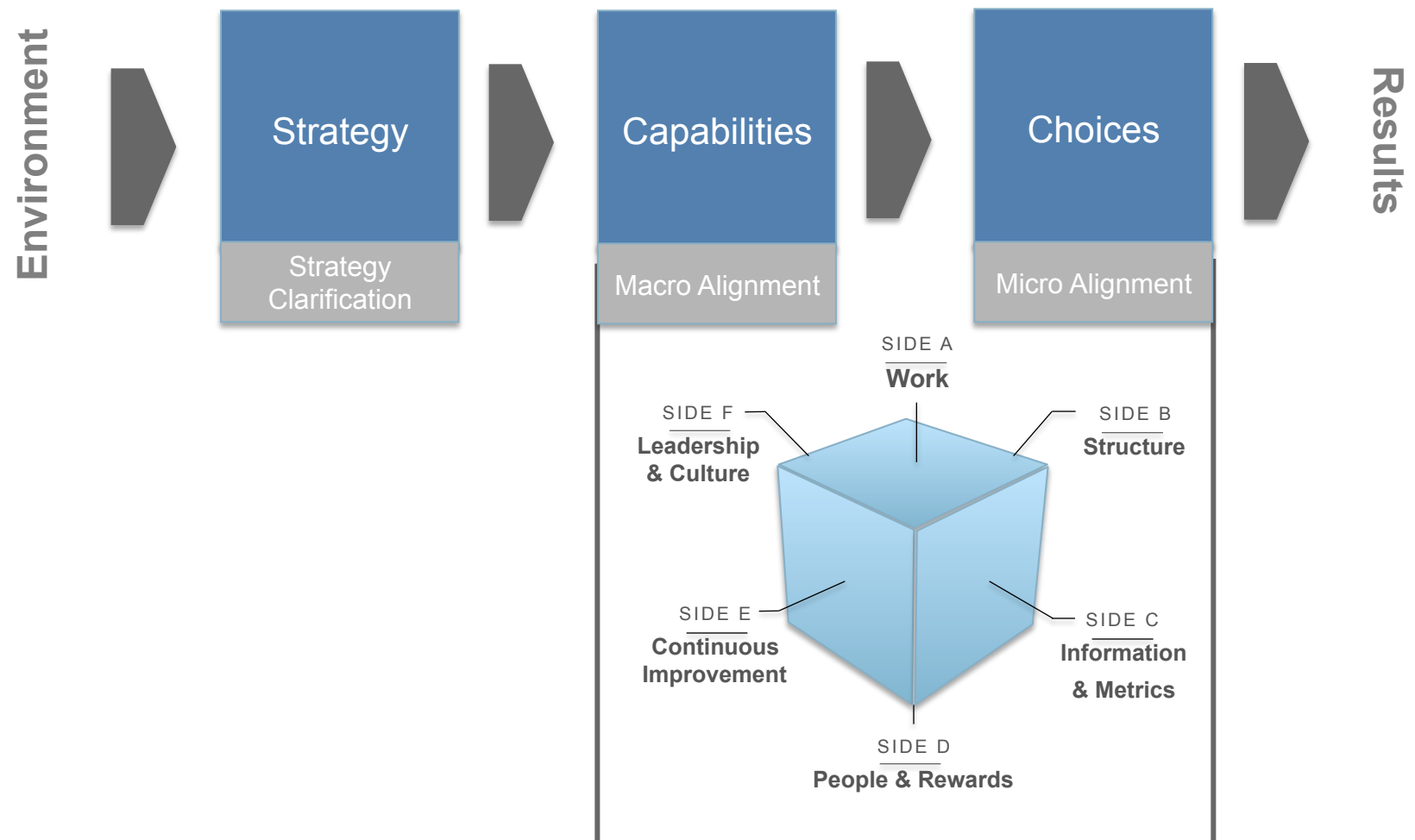
The Organizational Cube

Organizations are complex and aligning them can be like solving a Rubik's cube.



Tough, but doable (even quickly)!

The Cube Model



When to Look for Best Practices

(And When Not To)

Do's and Don'ts



It might be ok to seek and apply a benchmark or best-in-class organizational practice if you:

- ✓ Want to understand the industry standard or benchmark
- ✓ Can apply the best practices from one organization or industry to other problems or marketplace challenges
- ✓ Are trying to design necessary, but non-strategic activities

Avoid benchmarks or best-in-class organizational practices when:

- You are striving to be different than competitors or the industry
- The organizational choice or practice is incongruent with your organization's culture and design
- Implementing a best practice or benchmark unnecessarily adds cost or complexity



Counter-Intuitive Design Choices



Highest ratio of
operations
managers per
gates of all major
airlines



Kept IT development
in-house when
dominant competitor
outsourced

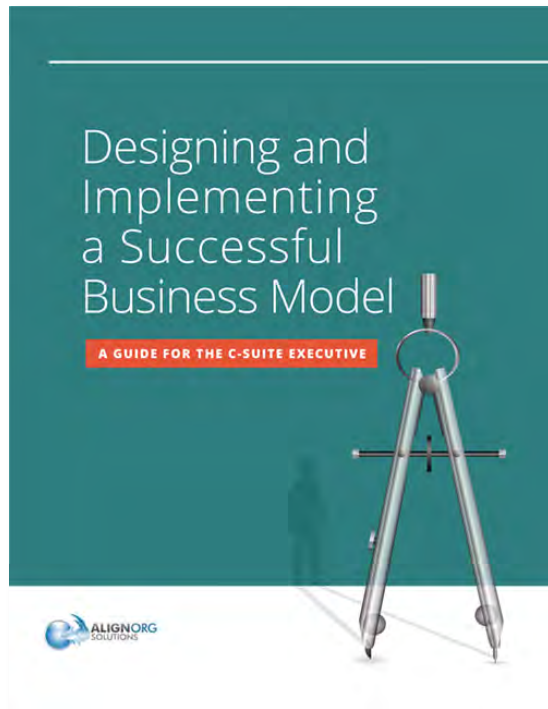


Maintain independent
operating companies
even though scale
would suggest
integration and
shared services to
create leverage

Is There a Perfect Organization Design?

No,
***but there is a perfect design for your
organization*** given the unique position you
are striving to achieve in the marketplace

Thank you! Questions?



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Today's Presenter



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Reed Deshler, is an organization catalyst. He works with executive teams and human resources teams to define winning strategies, align organization and business models for success and mobilize employees and stakeholders in the desired direction. A change leader, organization design expert and principal of the management consultancy AlignOrg Solutions, Reed brings multi-dimensional business models to life for Fortune 500 companies, middle-market businesses and non-profits so they can align strategy with operational reality.

Reed is coauthor of Mastering the Cube: Overcoming Stumbling Blocks and Building an Organization that Works, a guidebook that Clayton M. Christensen, professor at the Harvard Business School calls, “a great step-by-step manual on defining and changing the design of your company.”

Reed has guided numerous Fortune 500 companies — including Tyco, 3M, Abbott Laboratories, Hertz, Cummins, Cisco, and USAA — through change successfully. When companies are looking to propel growth through organizational transformation they call on Reed and his team.

