



# Changing the Narrative Around Organization Design

*Reed Deshler and Ken Thompson*

## A client-focused firm specializing in...

*Strategy and Marketplace Differentiation*

*Diagnosis and Assessment*

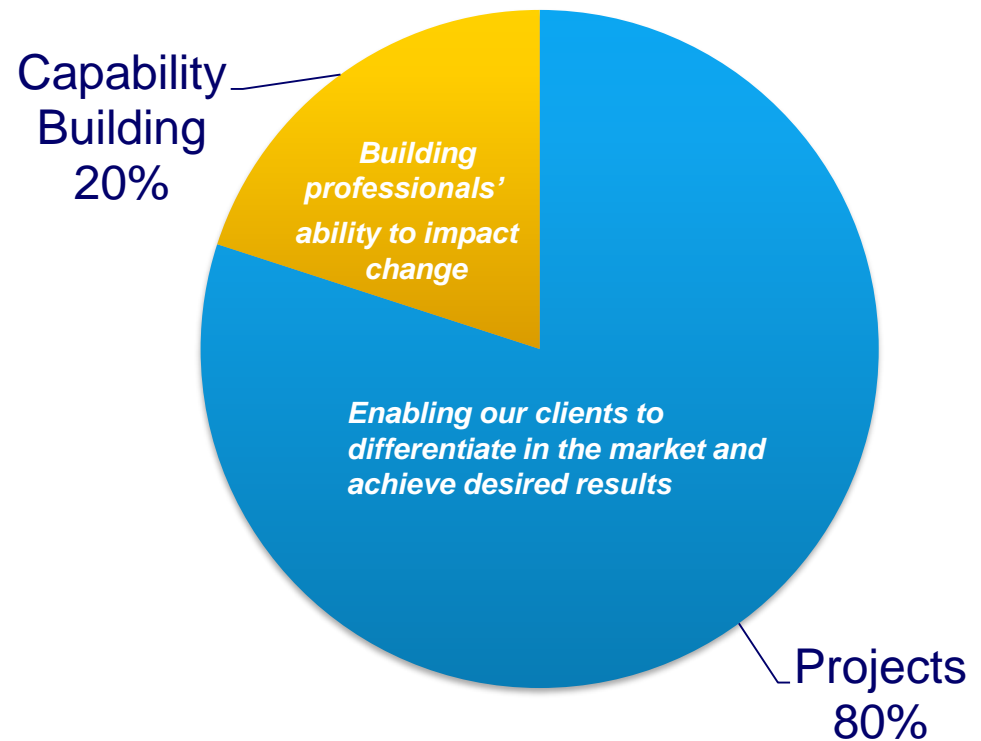
*Organization Design*

*Change Leadership*

*Leadership Alignment*

**To drive differentiation through alignment**

## Work Breakdown



- What is marketplace differentiation and **how does organization design lead to strategy achievement?**
- How does the organization design process connect to strategy and what are the **levels of organization design?**
- How does **the right organization design process** lead to much deeper and lasting change in thinking and results than do traditional discussions of spans/layers or organization chart manipulations?
- **How can executives teach others** in their organization **the principles of Alignment Leadership** so that the organization incorporate organization design thinking and processes into its normal operating rhythm?



# How Are These Organizations Different?

*Which should I do?*      **\$9.99** vs. **\$9.98**



## Operational Effectiveness "Running the Business"

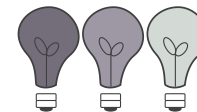


## Differentiated Positioning "Transforming the Business"

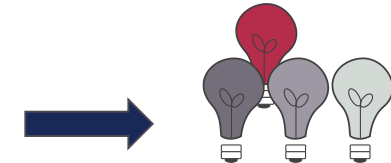


*Being operationally excellent is essential to business survival, but by itself it is not a sustainable winning strategy. Focusing exclusively on operational excellence usually leads to market convergence. Most OE strategies focus on efficiency.*

## STRATEGY



## COMPETITIVE ADVANTAGE!



*The strategy of an organization should be unique and difficult to duplicate if a company wants to win in the marketplace. Organization benchmarking will tell you how others are organized but doesn't tell you the right organization to deliver your unique strategy.*

## Differentiation by Design Killers

- Time.
- Growth/maturation in the marketplace.
- Expansion of services/product.
- Reduction of trade-offs/omits (feature/scope creep).
- Mimicking/matching competitor offerings and actions.
- Increased number of competitors
- Technology (“killer apps”).
- Socio-economic factors.
- Exclusive focus on OE or use OE as strategy.

## Getting Back on Track

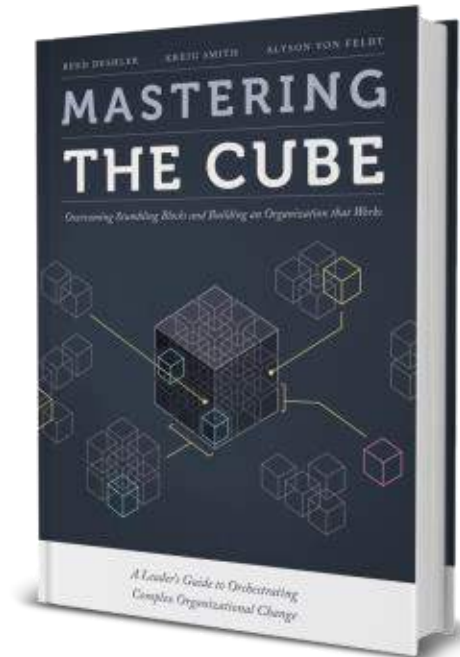
- What unmet (perhaps unarticulated) customer needs can you distinctly address?
- What is your most differentiating product or service?
- What is your most profitable product?
- What is your most profitable service?
- What is your most profitable channel?
- Which activities in our company are the most different or the most effective?
- How many unique points can you determine over competitors?

**Refocus on your unique core differentiation and  
realign your company’s activities with it!**

## Organization Design is about Strategy Enablement not Boxology

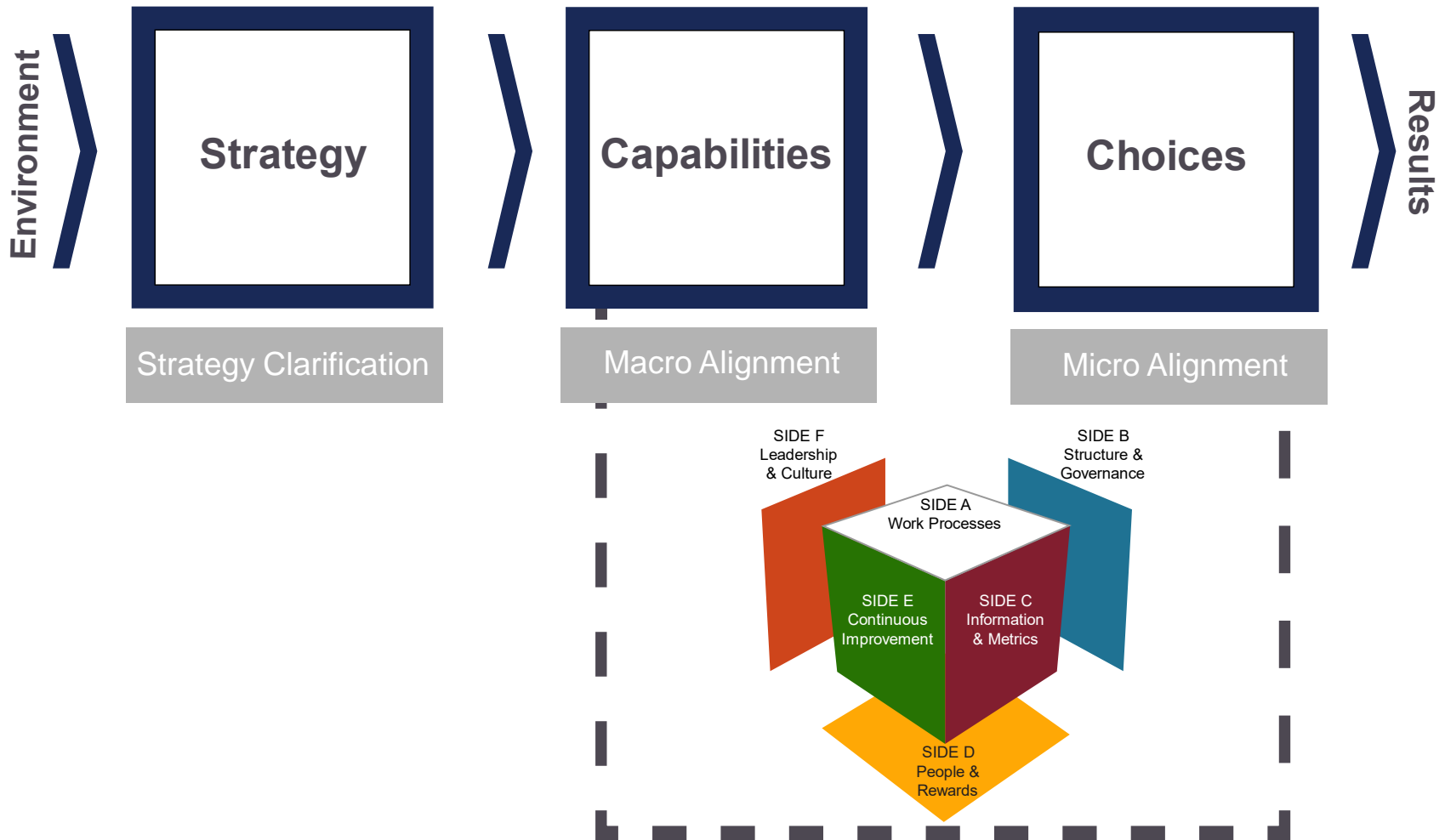
“Effective organization alignment is an approach leaders use to translate the requirements of the external environment into strategy and into an organization that can deliver that strategy.”

Deshler, Smith, and Von Feldt “Mastering the Cube”





# The Organization "Cube" Model





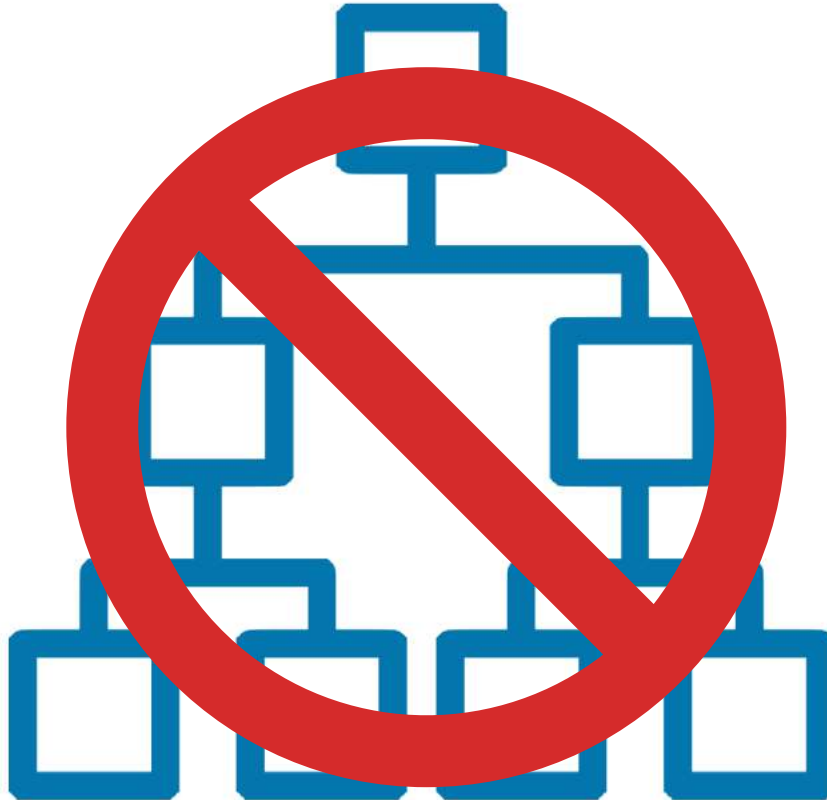
# Key Design Questions Are Business Questions



Why will we be  
chosen over our  
competitors?

What work  
(capabilities) drives  
differentiation (the  
reason we are chosen)?

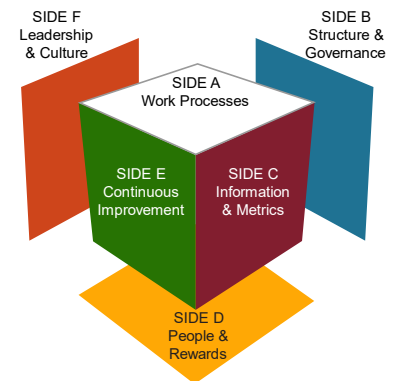
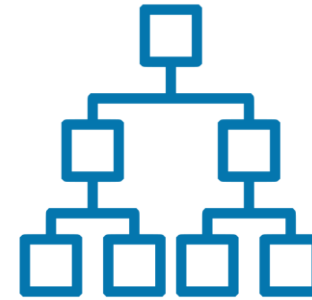
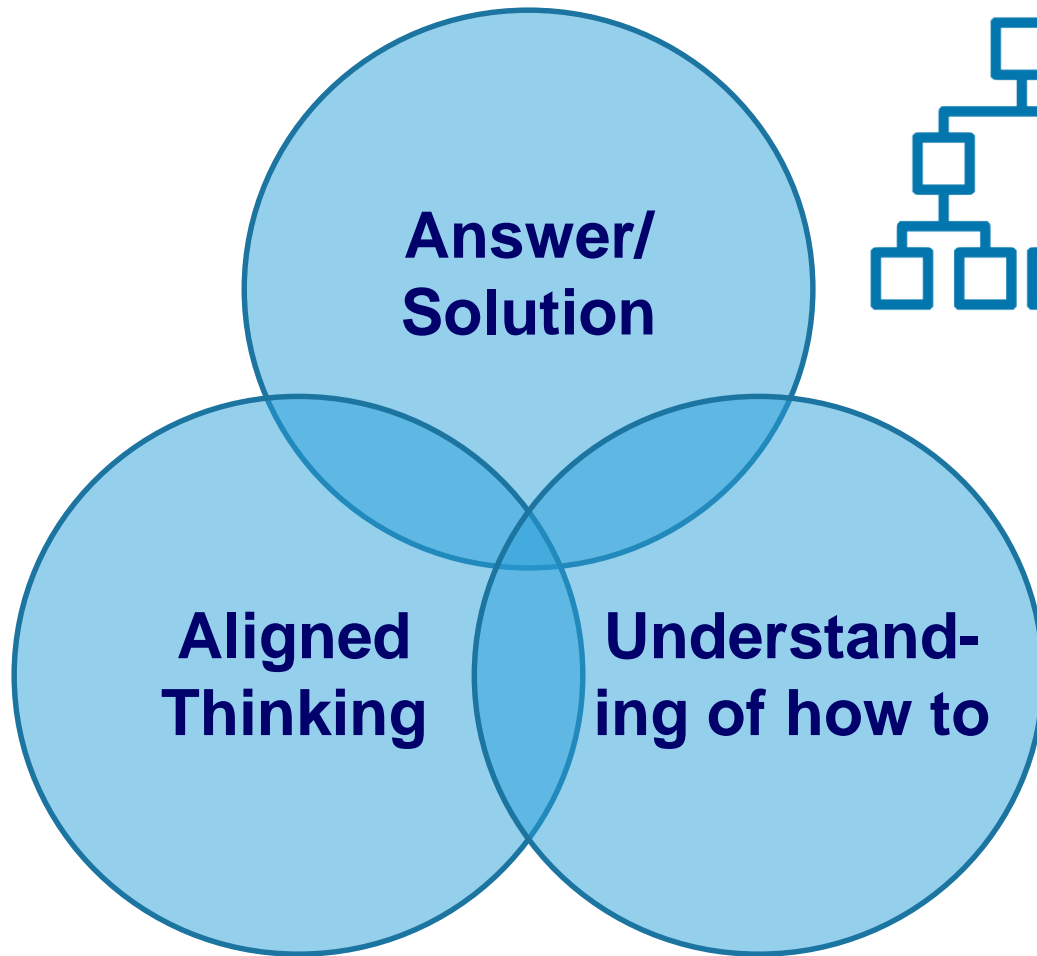
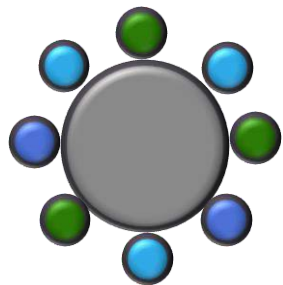
How do we  
organize to best  
leverage those  
capabilities?



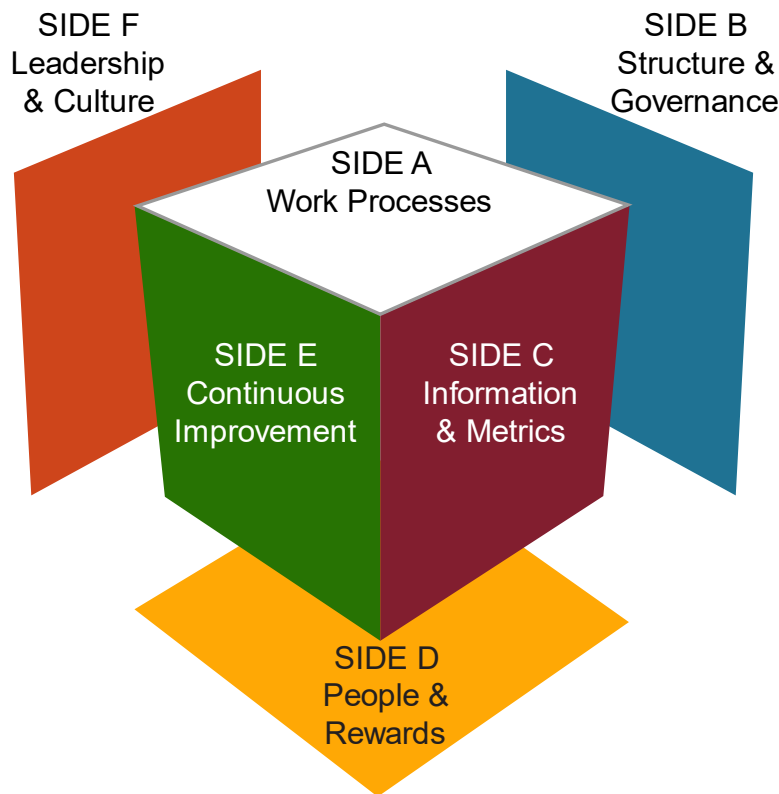
**We have a new  
organization  
structure!**

Unfortunately, An  
organization chart is  
insufficient to effect  
transformational  
change

# Organization Design Is More Than an Answer



**If resources and/or activities do not differ from competitors, then new features alone won't drive sustainable value.**



***Distinctly aligned organizing choices come from solving the organizational cube.***

# Stickiness & Value are Designed Into Apple®, Not Just Their Products



## *Side A: Work Processes*

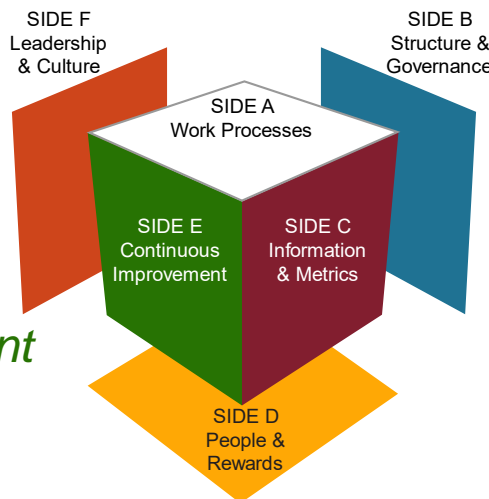
- Distinctive store design
- Concurrent engineering across divisions
- Memorable product unwrap experience

## *Side F: Leadership & Culture*

- Ruthless about trade-offs
- Design thinking permeates company

## *Side E: Continuous Improvement*

- Largest app marketplace (rigorous approval process with customer feedback)



## *Side B: Structure & Governance*

- Extensive weekly meetings without formal presentations

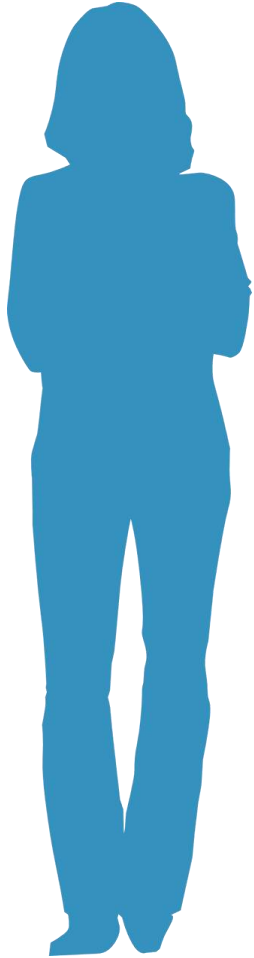
## *Side C: Information & Metrics*

- No divisional P&L targets

## *Side D: People & Rewards*

- Collaborative hiring focused on acquiring A players
- Apple U for transmitting company knowledge

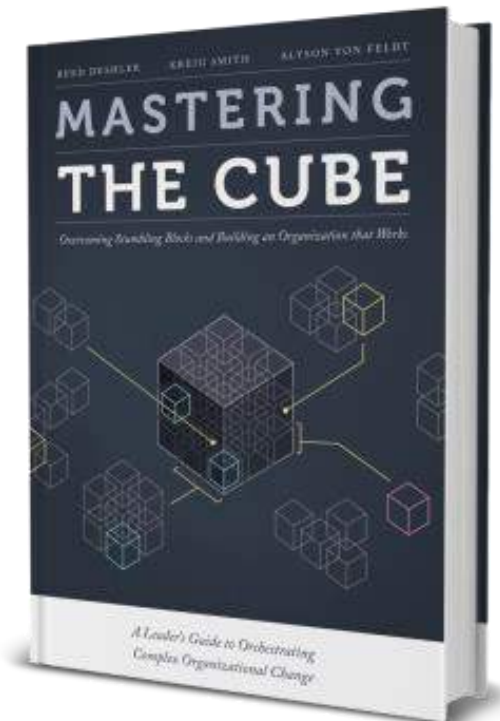




Our belief is that all enterprise leaders should consider themselves alignment leaders along with the other roles they play.

We call this role the **Chief Alignment Officer**...and believe 'they must...attend to the health and effectiveness of the[ir] organizations...'

*Mastering the Cube*  
by Reed Deshler, Kreig Smith, & Alyson VonFeldt





### Makes Choices & Trade-Offs

- Talks the language of choices & trade-offs
- Champions choices that enable performance & mitigate misaligned choices
- Embodies the yes's and no's of strategy
- Protects emerging processes/structures while keeping the business running

### Drives Change

- Recognizes change and how it will ripple across business
- Funds/sponsors change management all the way to implementation
- Communicates constantly about the change and models new strategic behavior

### Ensures Alignment

- Emphasizes strategy as alignment objective
- Strategic alignment is their worldview
- Sees all sides of the cube (alignment mentality) and looks for patterns
- Helps others consider the impact of choices on the whole system

### Builds Capacity

- Organizes people to imagine new ways of working with each other
- Fosters a culture of alignment leadership at all levels by involving many in alignment efforts
- Builds capability to maintain alignment and manage change

# Tools Enable the Right Strategic Conversations



## ***Product Owner***

Vision + Features

## ***Sponsor***

Strategy + Design Criteria



Scrum Master

***Sprint***



Facilitator

***Design Session***

1. How are leaders in your organization thinking about and talking about organization design/alignment?
2. Does the narrative need to shift back to strategy and business results?
3. How can you help facilitate that shift? What can you bring to the table that will help organization design efforts deliver meaningful strategic business results?



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Improve decision making in your organization:

***Complex Decision Making for Leaders:  
A Guide for the C-Suite Executive***

Watch your email for the link

***Look for your Pre-release copy of this New Guide***



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Reed 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, Medtronic, and Danaher — through change successfully. When companies are looking to propel growth through organizational transformation they call on Reed and his team.

## Connect with Reed



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Ken Thompson is a business leader with vast experience in company turn-around strategies and growth management involving strategic organization design, operational efficiency, and accountability-driven leadership. Ken is an organizational growth specialist that helps companies manage rapid or stagnate growth by providing the right framework, including diagnosis, strategy, organization design, best business practices, technology, recruiting talent, and operational excellence to achieve the desired outcome. Ken has served in many pivotal leadership roles in industries ranging from the Department of Defense, Logistics and Supply Chain, to the fashion and apparel industry.

Ken has presented organizational design concepts/models to the Chairman of the Joint Chiefs' of Staff, King Abdullah II (Jordan), Singaporean Prime Minister, Governors of Alabama and Arizona, numerous Senators and Congressman, and numerous corporate CEOs/Presidents.

Ken is lean six sigma certified, a certified transportation expert, and has his DoD fiscal law certificate.

## Connect with Ken



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