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Organizational Design for Executive MBA students

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Please contact me with comments or questions.

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Course Goals:

The goals for this course are to: understand better how organizations work and why; analyze what might be done better; devise strategies to improve them; and more specifically give you means to improve your own performance in your organization.

This course examines the workings of an organization and how to design and change it for greater effectiveness. By an organization, we mean a project, a team, a group, a department, a committee, a taskforce, a virtual organization, a division – there are many names and different types of organizations. There are many factors that influence the choice of a good organizational form: its size, the strategy, the environment, the technology, the leadership, and the climate. The design is a specification of the organizational form or structure, the assignment of subtasks, the information and communications, and the incentives, among others.

We shall use a variety of approaches: case studies, readings and an in-depth analysis of live cases from your organizations. Our class time should be considered a workshop where we shall: discuss cases, work in your teams, and some lecture/discussion.

The learning context:

BUILD UPON EXPERIENCE

Each of you brings a living case for you to analyze, and to share with your colleagues. Each of you has a number of cases available to you from others in the class. We will use your teams extensively to analyze the cases, to develop your live cases, and team writeups.

No two of us learn exactly the same way. Some of us prefer to start with theory and move to application; others prefer to begin with cases and situations and move to insights and generalizations. Some prefer a linear step by step approach; others like to get the full messy picture and fill in detail later.

I have tried to get a general guide and order for you, but it is a mixture of approaches. You should follow the course outline in general, but you should feel free to deviate and adjust the order and approach to your own style.

Source materials:

Text: Richard M. Burton, Gerardine DeSanctis and Borge Obel, ORGANIZATIONAL DESIGN: A STEP BY STEP APPROACH, 2006, Cambridge and New York, Cambridge University Press.

We wrote this book for executive MBAs. It is an action oriented approach which focuses on organizational misfits which require management attention to obtain better organizational performance.

Software: The OrgCon 9 is a software program which supplements the text materials. It is a decision aid. The OrgCon software queries you about the organization to be analyzed and then gives you misfits and possible recommendations for action.

Case Assignments:

Nokia – Fostering Innovation 403-040-1 ECCH collection

Shell – from Robert Grant 2002

Cap Gemini Ernst & Young 302-164-1 ECCH case

Sapient 9-405-045

Enterprise IT at Cisco (2004) 9-605-015

Innovation Corrupted: The Rise and Fall of Enron (A) 9-905-048

2. Each team of five individuals has TWO REAL LIVE CASE ANALYSES.

- a. Choose TWO organizational case studies using the current and real situation from two of your team members. The organization can be a project, a department, a divisional or the total firm. Pick two case studies in contrast, e.g., level of analysis, size of organization, industry, degree of innovation, multinational, kind of leadership, culture, etc. In short, pick two organizations which are quite different.
- b. For each organizational study, the team members will play different roles: there is the individual who represents the organization, i.e., the informant whose responsibility is to answer questions and gather information for the team; there is data specialist who will lead the discussion of the TEXT questions and make a record of the implications and insights; there is the OrgCon specialist who will keep the OrgCon analysis for implications, suggested recommendations and insights; there are one or two analysts who should keep the overall analysis on track and lead much of the discussion; there is the scribe who keeps notes and develops the storyline and storyboard as you go along for the final report.
- c. For the second case analysis, you should change roles so that each team member does a different function.
- d. **There will be intermediate short reports as we go along; these are given in the weekend assignments. These are due weekends II and IV.**
- e. **On weekend six, please submit a team write-up for each of the live cases.** Each report should be no more than ten pages. It should include: a brief description of the

organization you are analyzing, a summary of the analysis you did including misfits, action options you considered, your recommendation for action and how the change will yield better performance, and a detailed plan of implementation indicating who should do what when. The last item is particularly important. See details on a good write-up below; that format is suggested. PS You may submit your Diagnostic Questions and an OrgCon output in an appendix – not counted in the pages suggested above.

3. Each individual should choose to do **three one page write-ups chosen from the five cases. Write one page which addresses: what is the central question in the case; what is your recommendation to do; what is the rationale for your recommendation; and what are difficulties in implementing your recommendation. Please submit at class time.**

CASE WRITEUPS:

There are a number of ways to do a case write-up. Here, I suggest you take a more managerial format, or executive memo approach. For this approach, there are a number of issues to keep in mind, you are:

- writing to someone, usually a person in your real case.
- making a recommendation for action.
- advocating a recommendation. (This means that you put greater emphasis on what you recommend than other alternatives, but other alternatives need to be considered and not dismissed out of hand.)
- incorporating analysis to support your recommendation.
- considering and discussing implementation issues and planning for action.

One format for the above: (Recall that you are writing no more than 10 pages; plus, you can include short technical appendices for team write-ups.)

Executive Summary

(This should be a paragraph or two, which states the issue, your recommendation and why you are making this recommendation. It sets the stage for the 60-second reader. It does not count as part of your ten pages.)

Background and description

(This is an overview of important aspects of the case. You want to set the stage for your analysis and let the reader know what you think are the important facts and issues. You can include your misfits and options here as well.)

A Summary of the Analysis (including misfits and options you considered)

Recommendation for Action (How it will enhance performance; why the recommendation)

A Plan for Implementation (who will do what when and why it is feasible and realistic)

The case write-up is not easy. You write for the reader; proceed from that point of view. You are writing inside out. Write the executive summary last; it is easier and will make more sense. Before you begin writing, you want to think through where you are going, i.e., develop a storyline and storyboard. Of course, the writing itself helps us think through the issues.

The above format is optional. Hopefully, it is a helpful template to help you think about how to communicate quickly and well with an executive reader. Use it as a point of departure to develop your own approach. I will try to be flexible in reading your papers.

Weekend I
Organizational Design

Assignment:

1. Read Chapters 1, 2, 3 in the TEXT quickly for an overview; then turn to Nokia case below.
2. Read and prepare for class discussion the **Nokia – Fostering Innovation** case.

In the TEXT at end of each chapter there are questions on categorizing the organization. For Nokia, answer the questions at the end of chapter 1, 2 and 3 and then categorize Nokia using the method in each chapter for the: goals, environment and strategy.

3. Using Table 3.2, did you identify any misfits for Nokia? If so, what are the implications? How might Nokia do? What should it do and why, ie, what is the benefit? How difficult would it be to make these changes? Develop an implementation plan.

In class, we will:

- discuss the Nokia case including your answers to the questions in the chapters 1, 2 and 3 for Nokia,
- go over the course outline, goals and expectations for the course,
- refresh the framing issue,
- get prepared for the team assignments,
- and, answer any questions.

Weekend II

Configurations and Distributed Organizations

Assignment:

1. Read Chapters 4 and 5 on Configuration and Distributed Organizations in the TEXT.
2. Prepare the Shell case for class discussion.

Study Questions:

Quick misfit analysis:

1. Using Table 5.1 in the TEXT, identify where Shell is at various points in time: prior to 1995; and, the new structure after 1995. (Do a separate table for each time period.) For each category down the left hand side of the table, identify where Shell falls. You may want to go back to the earlier diagnostic questions in all five chapters to determine where Shell falls.

Normally, Shell would not fall in a single column (A, B, C, or D) but will fall in more than one column.

Hence, there will be misfits.

Examine the misfits for ideas on what needs to be changed.

2. Do an OrgCon analysis for Shell. Do not do a complete analysis. Include inputs only for the goals, environment and strategy, and the structure. Examine the misfits and the recommendations.

Here are some more detailed questions which further develop the Shell situation.

1. Prior to 1995, what were the dimensions of the matrix?
Why do you think that decisions were delayed? Can you describe how the matrix would have worked – or not worked?
2. What is the environment for Shell? What is its strategy?
How well suited was Shell's structure to the competitive conditions and key success factors in the world oil, gas and chemicals industry?
3. To what extent did the 1995–6 reorganization remedy deficiencies or misfits?
What is the rationale for the change?
What is your assessment of the change process?
4. How far did the further organizational changes of 1997–2000 resolve the remaining problems of Shell's 1995–6 reorganization?
5. What additional changes to Shell's organizational structure and management systems would you recommend to the current chairman of the Committee of Managing Directors, Mark Moody-Stuart?

3. **Team Assignment** to submit.

Refer to the **TWO REAL LIVE CASE ANALYSES** above.

First, list the members of your team and the roles they are assuming for each organizational case study.

For both of the organizational case studies, please submit the following:

- a. the name of the organization and a brief (half page) description of it,
- b. a quick rationale for why you selected this organization (a paragraph).
- c. From the OrgCon analysis and the diagnostic questions in the TEXT, indicate the misfits you have found. (You may submit a marked up Table 5.1 with notes. You may submit small excerpts from the OrgCon analysis with YOUR comments and explanations.)
- d. What problems, insights, and alternatives have you identified? (This should be a half page or so.)

PS You may submit your Diagnostic Questions and an OrgCon output in an appendix

Weekend III

The Dynamics of Change

Assignment:

1. Read Chapter 11 on Design Dynamics: Managing Change and Multi-Organizations in the TEXT.

We are jumping ahead in the TEXT, but I do not think it will cause you any difficulties. Please read the entire chapter.

Here are couple points of emphasis:

For Table 11.1 My firm's difficulty of change, fill in the design component difficulty on the 1 – 5 scale. Please bring a paper copy to class; I will collect it. (It is for my own interest and will not be graded.)

Read carefully the Merger section. In the previous few pages, there is a section on The multi-organization step-by-step approach which gives a detailed algorithm. The basic idea is to do A and B separately, and then put them together as C.

2. Prepare case Knowledge Management at Cap Gemini Ernst & Young.

Study Questions:

1. What is knowledge as used in the case? What is the challenge of knowledge management for the merged company?

2. Using Table 5.1, develop separate analyses for: Cap Gemini; Ernst & Young; and the merged company. Use the approach suggested above in Chapter 11 of the TEXT.

Compare the first two; can you anticipate merger issues?

For the merged company, is it a good fit? Are things working well? Are they handling the change well?

Are there further changes they should consider?

3. Do an OrgCon analysis of: Cap Gemini; Ernst and Young and then the merged organization. Initially, include only the goals, environment and strategy, and structure. You can also do a complete analysis. Following the approach in Chapter 11, make comparisons among the three for misfits and recommendations.

4. Of course, the immediate question is given near the end of the case on the renewal of the services by CBK. Should the contract be renewed? Why or why not?

5. If the contract is renewed, how will that affect the Table 5.1 for the merged company? Can you anticipate what will happen? If the contract is not renewed, how will that affect the Table 5.1 for the merger company? Can you anticipate what will happen?

6. Examine the financial implications of the CBK decision? Although very important, why is this analysis only part of the question?

3. Read Pfeffer & Sutton, Knowing “What” to Do is Not Enough: Turning Knowledge into Action, California Management Review, 42, 1, 83 - 108.

Study questions:

1. How does this relate to organizational change?

2. Is there a gap in your organization between knowing what to do, and actually getting it done? If so, why?

Weekend IV

Leadership, Climate, Incentives and People

Assignment:

1. Read Chapters 7, 8 and 10 on People, Leadership, Climate and Incentives.
2. Prepare case Sapien Corporation.

Study Questions:

1. Locate Sapien on the following figures:

Figure 7.2 on people,

Figure 8.3 on leadership (Think of Greenberg and Moore as the leadership team.)

Figure 8.4 Climate (In the case, there is considerable discussion on purpose and values.)

Figure 10.2 Incentives (In part, you will need to infer where Sapien falls from the general discussion on incentives.)

In all of the above, you should use the diagnostics questions to help you locate where Sapien is.

2. Do you think the fixed fee approach is a good idea? Why or why not? What are its implications on all of the above?
3. In Table 10.1, locate Sapien on the various dimensions. What misfits did you find? Do they require any changes at Sapien? Why or why not?
4. Do a complete OrgCon analysis of Sapien. Examine the misfits and recommendations.
5. How do you think the turmoil of 2001-2002 affected any of the above? Sheeroy Desai, COO, comments directly on this question.
6. Would you like to work for Sapien? Why or why not?
7. Going beyond the case itself, what are some management issues for outsourcing, both domestic and international?

3. Read: Steven Kerr, 1985, "On the Folly of Rewarding A, While Hoping for B."

This is a classic paper. The issue is very much alive, even if some of his examples are a bit dated.

4. Write in one page, giving an illustration or example where your organization is "hoping for B, and rewarding A" and an illustration where your organization is "hoping for B, and rewarding B." That is, one example where $A \neq B$ and one example where $A = B$.

5. **Team Assignment** to submit.

Refer to the **TWO REAL LIVE CASE ANALYSES** above.

Building upon what you did for weekend II above:

- a. From the OrgCon analysis and the diagnostic questions in the TEXT, indicate the misfits you have found. (You may submit a marked up Table 10.1 with notes. You may submit small excerpts from the OrgCon analysis with YOUR comments and explanations.)
- b. What problems, insights, and alternatives have you identified? (This should be a half page or so.)

PS You may submit your Diagnostic Questions and an OrgCon output in an appendix.

Weekend V
Task Design, Coordination and IT

Assignment:

1. Read Chapters 6 & 9 on Task Design, Coordination and IT in the TEXT.
2. Prepare the case: Enterprise IT at Cisco (2004).

Study Questions:

1. Locate Cisco on the following figures:
Figure 6.2 on Task Design,
Figure 9.3 in coordination and control space,
Figure 9.4 in information systems space.
2. In Table 10.1, locate Cisco on the various dimensions. What misfits did you find? Do they require any changes at Cisco? Why or why not?
3. Do a complete OrgCon analysis of Cisco.
4. Did Boston manage the change process during the 2001-2003 period? What might he have done differently?
5. What would you advise Boston to do and how to do it for the challenges in 2004?

3. Read for discussion: Kathleen M. Eisenhardt and Shona L. Brown, 1998, "Time Pacing: Competing in Markets That Won't Stand Still," Harvard Business Review, April – May, p. 59
69.

Examine your own organization for time-paced activities. Bring two to class. What is the effect of each on the organization? This is for class discussion; do not hand in.

Weekend VI
Ethics and Organization Design

Assignment:

1. Prepare the case: Innovation Corrupted: The Rise and Fall of Enron (A).

There has been a tremendous amount written on Enron, and it continues every day. This case contains a lot of material in a concise manner. For our discussion, I think the case itself gives sufficient information. Of course, you will have other information which you can bring to the discussion.

Study Questions:

1. In Table 10.1, locate Enron on the various dimensions. What misfits did you find? Do they suggest any changes at Enron? Why or why not?
2. Do a complete OrgCon analysis of Enron.
3. More specifically, do you think that the combination of the climate, incentives and the control systems encouraged questionable behavior – either illegal or unethical?
4. What is the responsibility of the top management in designing an organization which encourages ethical behavior?

Remember that your two team reports on your live organizations are due this weekend.

Weekend VII, April 7, 8
Final examination