

Strategy Execution

Step 2

Organization DESIGN[®]

Aligning Structure, Business Processes, and People Systems With the Strategy



We need to get our employees on-board.

Our business processes do not consistently produce value for customers..

The incentive system does not reward the right behavior.

I'm not sure our structure is right for our strategy.



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"We wrote the book on strategy execution."[®]



Every organization is perfectly designed to get the results it's currently achieving.



The STAR Model

To get more, better, different results, the design of your organization has to change.

Organization design is central to strategy execution. It is the process of configuring structures, processes, reward systems, and people practices to create an organization capable of achieving its business strategy.

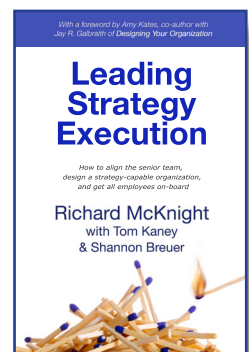
This model, developed originally by Jay R. Galbraith, depicts the tasks associated with organization design, i.e., what's required to create an organization that is able to compete and win in its marketplace. The Star Model has three different kinds of value for leaders: it is a descriptive device that tells what a strategy-capable organization is like; it's also prescriptive, telling the user what has to be in place in order to execute on strategy; and finally, it can be used diagnostically, pinpointing where strategy implementation is getting off track.

RATING	Does Your Organization's Design Support the Strategy?
	1 Our strategy is clear, measurable, and specifies our competitive advantage.
	2 Our vertical structure is right for our strategy.
	3 Our lateral processes and integration capabilities enable us to deliver consistent customer value.
	4 We are measuring, recognizing, and rewarding the right behaviors and results.
	5 We have leaders at every level who are skilled in driving strategic change.
	6 Our systems to attract, develop, and retain people optimize our performance.
	7 There is a guiding coalition of senior leaders working collaboratively to execute the strategy.
	OUR EMPLOYEES:
	8 Understand the strategy.
	9 Feel enthusiastic about fulfilling the strategy.
	10 Are working daily towards our strategy's successful execution.



We begin our work with clients with this assessment. It is both a diagnostic device, a call to action, and a measure of alignment.

From an organization design perspective, what has to change in order to enable you to execute our strategy and win in your marketplace?



For further guidance, consult Chapter Seven

Organization design.

Executives emerge
with consensus as to
what aspects of the organization need to change in
order to execute strategy.



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