



Strategy is not Enough **By Dr. Jim Beaubien**

Most leaders understand the importance of strategy in achieving a sustainable competitive advantage. Unfortunately strategy by itself is not enough to ensure success. It must be implemented. Successful implementation depends on effective organizations. Effective organizations don't happen by accident. They must be designed.

Design deals with how all the parts of the organization are put together. Good design puts the right people in the right place with the right tools and information to do the job. Design has a big impact on organizational effectiveness and overall performance. Ultimately, good design facilitates the implementation of strategy.

Design involves more than boxes on paper. It's not about developing organizational charts. Good design aligns all of the parts of the organization -people, activities, processes, information systems, reward systems, human resources systems and so on - into a synergistic whole that focuses and leverages organizational resources on achieving strategic objectives.

Steps to Good Design

Good design begins with strategy. Different strategies drive different designs. An organization that competes on the basis of price in a commodity market will require a very different design than an organization that competes on the basis of innovation in a technologically sophisticated market. If your competitive strategy is based on being a low cost commodity producer, you may select a traditional functional design that separates people into work groups e.g. operations and maintenance. If on the other hand your strategy is based on constant innovation, you may develop a complex matrix design that ensures seamless information exchange among the sales, research and manufacturing components.

Once the strategy is clear identify the things your organization must do well in order to implement it. The list may include such factors as: core competencies, key processes, skill sets, job families, technology, information requirements, incentive programs, culture and so on. The idea is to get a global understanding of all of the building blocks you must address in your design decisions.

Next identify ways of grouping people and processes into natural units. Put people who depend on each other together. Develop a clear rationale for your groupings. Should they be grouped along functional lines, along product lines, around customers, geographically or through a combination of one or more elements?

Next identify the support elements you must include in the design. These might include information systems, HR systems, pay systems, performance management systems, budget systems and planning systems. Find ways to align these systems so they support and encourage the work that is required.

Finally, identify the culture the organization must develop to achieve its strategy. Culture is often described as 'the way we do things around here'. What values, attitudes beliefs and behavioral norms must be developed to achieve the strategic direction?

Achieving competitive advantage is a complex process. Strategy is not enough.