

Designing Work Organization
Prof. (Dr.) Santosh Rangnekar
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture 54

Sustainable Organization Design

In this particular session on the sustainable organization design, we will talk about the sustained business growth. Five keys to the successful strategy executions, the integrating the strategy with the execution infrastructure, strategic management for the competitive advantage, the complete strategy landscape, a simple way to test your company's strategic alignment and navigating the dozens of the different strategy options, the different approaches firms use to set strategy. 12 essential strategies for the building a sustainable business and as usual the case study research paper and the references are there. Whenever we are talking about the sustained business growth, so every company wants to grow their business, yet few know how to sustain it for the long term or the look beyond the next quarterly or the yearly reports are there. Growing a business, it requires the right intellectual capital, carefully selected strategic partnerships and the products and other services with the strong marketplace demand. Beyond these fundamentals, the sustaining growth requires a strong operational foundation to reduce the risk to the business over time.

So, before your business can grow and sustain in momentum, you must take action in support of the following six things to assure your company which builds a strong foundation for the long term success is there. As we are talking about the sustainability, nowadays the buzzword is about the flexibility, sustainability and the growth. So therefore, in that case, in whatever the growing business is there, it is very important that is what is your intellectual capital is there. The intellectual capital means that is the human capital, customer capital and the organizational capital.

When we talk about the human capital, it is about the manpower which you are having and then we are talking about these the customer capital. In the previous sessions also we have talked about that is how these customers are to be get satisfied or delighted and as a result of which the process has to be planned. Then the organizational capital that is about the infrastructure of the organization. So, for a growing business it is very important that is this intellectual capital that is selected strategic partnerships are there. Here, we have to also understand that is we have to balance between the production and the supply and demand.

So, if you want to make your organization a sustainable organization, then it requires

the long strong operational foundations so that it will reduce the risk of business over time are there. And the author has mentioned about here the six things which are to be taken into consideration. The first is the top talent is there. Without the right people a business cannot grow and it certainly makes it difficult to maintain momentum over time. I am also having the another NPTEL program which is having this the talent acquisition and management and there here also the point has been mentioned that is the you should select the talented employees and that is the right people are there.

So, right people at the right place that will make a successful your human resource management. Unless and until you are not having the right people, then definitely in that case, you cannot give the output and you cannot get these return on whatever the investment you have made on your manpower is there. So, business is about the people and without the right people a business cannot grow. So, here if we are if we want to make our business to grow, so what is the contribution? In the growth of the business the contribution is that is about the people those who are making this organization successful. So, it is not the machine or technology it is the use of the machine and technology by the manpower that is why always we talk about whenever the top talent for the sustainable business, then it requires the man behind the machine that should be very smart.

So, it requires an organization to refresh its talent pool in support of the organization's business. Now, we also know that a technology is keep on changing and when they we are talking about the industry 4.0 and the era of the artificial intelligence machine learning, In that case, it is becoming that is your talent pool should have that particular knowledge and skills, unless and until that your organization business model you have to execute. It will not be successful if you are not having that talent pool. So, but if organization is old one organization, then you have to take care that is you are refreshing your manpower is there.

Second one is the operational efficiencies are there. So, these efficiency drives costs down and the embed mindset within the workplace culture that makes the people sensitive to costs and ways to streamline how the organization that communicates, operates and connects the dots of the opportunities. So, here whenever we are talking about the managerial effectiveness and efficiency, because the sustainability defines about that is your efficiency and effectiveness is the maximum. So, these efficiencies that drive the cost down. Nowadays, I would like to take the example, that when we are talking about the operations and in the operations it becomes very, very important way that is what are your supply chain management is there, and that is why when we are talking about the drive the cost zone, driving is there, then definitely the main focus is on the your process and that process involves the supply chain management is there.

So, when your mind is saying to you to drive the cost zone, then you have to focus on your operations and nowadays, these operation management that is becoming the driving force for the reducing the cost. Now, here we also understand that is the however, these communication within the organization, the operation process and the concept of this reducing the cost, that all should be integrated. So, here this helps to the assure that activities within the organization are in alignment with the needs of the business to create and sustain growth is there. Now, in supply chain management, we talk the different activities are there and these different activities that assures within the organization that is the here, they are the connected and they are reducing the cost is there. And the third one factor which is very important, there is a prospecting the right clients, we always talk about the customers and therefore, in that case, it is not only the manpower, it is not the operations management practices, but what type of the clients you are having.

So, entrepreneur is no longer just a business term anymore, it is way of life and you must always embrace an entrepreneur attitude to see and seize the right opportunities, especially those previously unseen or that others do not see at all. So, here it is the, it becomes very, very important that is these entrepreneur attitude, which we have to see and seize the right opportunities are there. In previous session also, I have mentioned that is in India, this entrepreneurship concept that has been very much encouraged and motivated by the government of India and these entrepreneur attitude that we will see that is the how you can make your business that is sustainable. The right opportunities especially those previously unseen or that others do not see at all. Now, the creativity, we have taken one session in this particular course about that is how to be innovative and to be innovative that is a new opportunities that you have to explore.

When you are exploring the new opportunities in the given business, already existing business, then, you find that is creating more and more success to the organization. So, this is why we must embrace an entrepreneurial spirit and that culture, culture within the organization that we have to create the entrepreneurial culture is there where the employees feel free to express their ideas and whatever their creative initiatives they want to share management should allow them to share those creative ideas. So, when prospecting the right clients are there to assure the business not only the growth but for the successful business. So, next one is the sound decision making is there. The problem solving is the essence of the what leaders exist to do.

So, as leaders the goal is to minimize the occurrence of the problem, which means we must be courageous enough to tackle them head-on. And here when we are talking about this problem solving, naturally as I mentioned in the previous session also that is the

problem solving in decision making. So, there is no problem which is the new for the business is there, but the approach in solving systems that keep on changing is there. So, here is the goal is to minimize the occurrence of problems are there. If we design and develop a system oriented organization, then definitely in that case you are minimizing the occurrence of the problems are there.

So, here we have to encourage to tackle these problems which are coming in the running of the business. However, if we are proactive, one is the reactive, other is the proactive and if we are the proactive, then we will make a system. And the system is that, it cannot be the 100 percent problem proof that I understand because it depends on the external environmental factors also. So, therefore, we must be resilient in our quest to create and sustain the momentum for the organization and the people we serve. So therefore, the whoever the employees, those who are working within the organization, then we are required to serve them.

When an organization has the protocols, the standard operating procedures in place to solve problems and make sound decisions are there. Here, unless and until we are making this particular problem solving processes and taking the proactive decisions, naturally in that case, we will be having thus our organization free from the problems. So, here the great leadership is always making the difference between the success and the unsuccessful organization is there. And therefore, the leaders are required to be expert in their vision focusing and then the action planning. Now, here when we are talking about that is the most important decisions which they made.

There is circular vision to see the opportunities in everything. So, having done it -made decisions- so many times throughout their careers, great leaders will become immune to pressure situations and they extremely intuitive about these casting strategic, long term plans for the future is there. So, this particular consideration that is making these pressure free situation are the minimum the pressure. I understand, in the organization it will be never the pressure free, but definitely in that case whenever we are talking about this particular situation ideal situation where the pressure free is there because you want your employees to be more innovative, and for this purpose the sustainable business growth demands leaders that can see the glass as a half full even when everything else is seeing it as an half empty is there. So, in any ideal situation when you are very positive and the optimistic are there.

So, whenever you are becoming very positive and optimistic even in this very adverse situation, naturally you will be able to come out with the solutions and these are great leaders. Even, in the very unfavorable situations they come out with the solutions are there. The another factor which is in the sustainable business growth is that do not be

afraid to grow. So, to sustain growth you must have the mindset of embracing risk as your best friend is there. So, here it is very important that is the what type of the mindset you are having and then if you are having that mindset that is a friendly environment and the moment that employees are not encouraged to share their ideas and ideals, it becomes difficult to take the ownership of the needs of the business.

So, therefore, keeping more and more mind ideal and open that will becoming the more successful and the moment that the employees are not encouraged that freedom, flexibility, the openness in the culture, then in that case the market here difficult to take the ownership of the needs of the business. Now, and these marketplace quickly begin to pass you by. The sustaining growth requires you to share your momentum with others are there. So, here it is very important that is the how you are making your marketplace, it begins to pass you by the sustainable growths are there. As soon as you are having that particular sustainable growth aspects with then definitely in that case that you have the best interest of the others on your team.

Naturally, these all the sustainable objectives that is not of the only leader and this is with the people with whom he is working and then he has to take care of those people also. So, therefore, this is the becoming the sustainable only when you are taking the working togetherness. So, it demands that you have the best interest of others on your team and the colleagues throughout the organization. So, driving sustainable growth can never happen alone. And here this is the not only demands a strong team, but the collaborative departments or business units that together make up a strong ecosystem with the right intellectual capital is there.

Now, here there are the five keys to successful strategy executions are there and these are the commit to a strategic plan. Whenever we are talking about these commitment to a strategic plan. So, before diving into the execution, it is important to ensure all decision makers and stakeholders agree to on the strategic plan is there. Now while some strategies are becoming successful and some strategies are failing and the reason is this that is, the all stakeholders they are not involved because whenever you want to execute your strategy, then strategy will flow from the top to bottom and as soon as you will get the flow of the stakeholders, then they will follow the strategy. And when while implementing or execution of that strategy, they if they are having any problem that I cannot implement this strategy, then definitely your growth, your time rate of the growth that will be slow down.

So therefore, it is becoming important to ensure that is all decision makers and stakeholders agree on the strategic plan and they participate. The suggestion is this that is the whenever you want to make the successful strategy execution, please involve all

stakeholders right from the top to the bottom is there. Align jobs to the strategies are there. So optimize the jobs for the high performance by aligning the task and responsibilities with organizational strategies are there. Many times, it has been seen that is the decisions taken by the managers, so they are not having the alignment with the goal of the organization and that becomes a very big problem.

So therefore, it is very necessary that is the optimize the job high performance only when you are having the alignment of the activities and the task of the middle management and lower management with the top management is there. Now see aligning of the goal and job strategy that will make you the smooth implication of your strategies are there. Now whenever we are talking about the communicate with the employees, the strategy execution that depends on the employees daily task. So it is vital that they understand the organization's strategic goals are there. However, a frequent flow of information is very necessary between the employer and the employee and the other stakeholders also, because that will give the clarity and it is they will understand, that is what exactly the organization wants.

If, there is a communication gap, then the employees will not be able to understand what my employer wants and many times people resign, talent resigns, because there is no free flow of communication is there. The measure and the monitor the performance is there. So, strategy execution relies on the assessing the progress towards the numeric goals and if matrices are down, and reassess and the pivotal your strategies are there. So therefore, it becomes very necessary that is timely. Nowadays, it is the 3 months, the quarterly data assessment are preferred by the organizations because there are strategic goals, there is a strategic execution, but that execution if you come to know after 1 year that is this was not expected, then definitely your all resources go waste.

So to avoid this it is necessary that is the you are making these particulars down and pivotal your strategies. Balance innovation and control is there. So while innovation is a driving force for company growth, do not let it derail your strategy execution is there. So it becomes very, very important that is the balance innovation and control is to be there. So it is the very dynamic positive force for the company and that as a result of which your strategy will not be derailed.

Now, one side we have talked about the infrastructure, other side we have talked about the strategy. Now let us integrate the strategy with the execution infrastructure. So, integrating strategy with the execution infrastructure is just strengthening the leadership practices in the all roles. So growth by these sub segmenting customers are there. So here creating the customer focused strategies and effectively executing strategies are there.

So, this growth by these sub segmenting customers is growing the core business is there. So this growing the core business which is a basic principle, objective, and goal. So this is the growing adjacent opportunities will be there. And here, these opportunities are to be grabbed by these employer. So, building the organizational capabilities are there.

So, executing the strategies, they are building in the these organizational capabilities and the performance management scorecards are there. So definitely in that case, it is becoming important that is how performance management these scorecards that you are evaluating. So here, first we will talk about that is strengthening the execution infrastructure by investing if the self-bets are there. So regardless of which the growth strategy is selected and now from the top management a particular strategy is selected. Now we have to see that is the how we can make the strongly execution of the strategies.

Firm's infrastructure must be up to a standard that supports successful execution and ongoing commitment to creating such an infrastructure is a self-bet. And therefore, in that case in the self-bet, it is necessary that you are going to commitment and aligning your success. And this requires the eliminating the departmental or the regional silos, and utilizing these leading indicators and performance drivers that align with the strategy and the growing leaders at all levels- managers and the non managerial levels are there. So it becomes very important that is there is an integration. So there should not be watertight compartments, they should not work into the silos are there.

So if, the all departments are working in, without coordination and working in the silos then definitely in that case, there will not be collective effort and not only the collective efforts in rather than the efforts may be into the reverse directions. So, utilizing the leading indicators and the performance drivers and that align with the strategies are there. And whenever you are having these strategies, then here you will find that you are going for these particular aspects of that alignment with the strategies. The growing leaders at all levels managerial and the non managerial levels are there. So, these leaders are growing and here you will find that it becomes very important that is the leaders, they are capable of the managerial and the non managerial levels.

Initiate a process to identify the strategies with a high probability for success is there. So, three customers growth strategies are the presented below. The growing the core business, growing by the sub segmenting customers and the growing adjacent opportunities are there. So therefore, growing the core business is there and here you will find that is the it becomes important that is the how this core business that has been taken care of with this particular aspect of this the core competency of the business. Secondly, growing the sub segmenting customers are there.

Now, what happens? now you are like, for the automobile industry. So, you are having the sports segment of the customers, then you are having the luxurious customers, you are having the budgetary customers and therefore, you are making the sub segments of the different customers and your strategy should be able to curtail the all these fulfillment of the segments with these different action of plans. So, this growing adjacent opportunities, it is recommended that the senior leaders begin the process by considering the growth potential within the present core business and the opportunities and growth potential that is associated with creating the innovative value propositions by the undeserved customer groups are there. Now, one side you are satisfying the customers, but when you are growing the opportunities then, it is a responsibility has become of these senior leaders, that is they carry the core business of the organization and simultaneously they are creating the potential also so that the innovative values that can be retained by the employees and there can be the customer groups. As the senior leadership group that moves through this process, and therefore, in that case it becomes very necessary that you are becoming a very strategic effective visionary leader.

So, the process of identifying that is the how the customer focus growth strategies are there. So far, we talk about the internal stakeholders are there about the employees about the leaders and now when we are talking about these growth strategies, here we are focusing on the external environment. The process of the identifying profitable growth opportunities most often begins with the core business and that is the product, service, customers, channels and the geographic areas that generate the largest proportion of the revenue and profits. In depth conversation with the senior leaders on the topic what is the our core business? It is the preferred starting point is there. Many times, many organizations, employees and they are not very clear what is our core business, what is our core competency?, what is our core goal? and therefore, this point becomes very very relevant and important that is you share with your all these stakeholders by saying what is our core business is there, ask them and you can start a discussion with this particular point of question.

A second customer focused growth strategy is based on the firm's existing customers and the strategy involves creating the high impact value proposition for the new customers of segments are there. Now, you are already having the existing customers, but when your word of mouth spreads, then your strategy should be that is the it is a continuous process and you are creating the high impact value propositions for your new customers are there and that is why you find in many advertisements, it is giving something new, something is added and they say that this is the additional part of our product. These are underpinning the strategy is the willingness to view the customers through a different sets of the lenses are there and as you see that is the your leaders are

working on the different sets of the leaders, then they are becoming a very very important. A third customer focused strategy is to enter business that have the strong strategic links to the core adjacent businesses and this is a particularly appealing the alternative when the core business is approaching its full potential, and operates efficiency and generates surplus cash for reinvestment is there. It is also an important option when it is clear that the core's future growth of potential is weak.

In the short term, adjacent growth initiatives that leverage a strong position with the existing core customers have a higher probability of success. The alternative of the expanding into the new geographic markets provides the advantages of the building a larger customer base, but often at the cost of a longer payback period and the higher risk is there. These execution growth strategies, the three customers focus growth strategies describes above requires a supporting infrastructure to increase the chances of the successful implementation. Lack of an adequate infrastructure is the second reason cited for not the achieving the growth objectives. A supportive infrastructure includes, the organization capabilities that are valued by customers, a management performance system and the scorecard which focuses on leading indicators and the drivers of growth, and strong leadership practices at every level of the organization.

So, organizational capabilities are processes that are strategic and deliver a high level of value to the customer. For example, a firm may have the capability to successfully entering the new markets, create excellent new products or the services which appeal to customer, or provide the outstanding level of the customer services are there. A second key element of the infrastructure which is necessary for the successful execution is the performance management system and the scorecard. And, we please kindly note that the performance system are rooted in the widely held belief the that what gets measured gets done. So therefore, the third key ingredients of a supportive infrastructure is the leadership.

Who are the leaders and what do they do? Leaders are the people that throughout the organization who influence the attitude and their actions of the colleagues. As soon as, they help the colleagues understand the many ways of the organizational life. For example, why the organization must perform at a high level on its increasingly competitive and global business environment. Why barriers to cross the departmental collaboration are the harmful and the weaken the organization's ability to adapt. Why, when a colleague's performance appears to the fall short, it may be preferable to give the this as an opportunity for learning and the professional development rather than the expulsion from the organization.

Why, this is the ultimate success of the organization is noted to its ability to continually

innovating the delivering the value to the customers are there. These are the four phases in the evolution of the formal strategic planning and this strategic management for the competitive advantage operation controls, more effective for the growth increasing the response to the markets and competition, and the Orchestration of the all resources to create the competitive advantage. So, first and foremost value system will be that is the basic financial planning that is to meet the budget. Second is the forecast based planning is there that is product future that is what is required and then the strategies are to be formed. Externally oriented planning is there that is the thing strategically and through the situations analysis, competitive assessment, dynamic allocation of resources you frame the strategies and the Orchestration of these resources that will be creating the flexible planning processes, supportive value system and the climate is there.

The complete strategy landscape is that is the hot topics that is what demographic, the political, technological, regulatory and other environmental changes can be exploit. Second is the value creation potential, that is a business model is there and as I mentioned that is understanding your core business is there. When you put the value capture the industry activeness and positioning and the competition interaction is there. So, does the industry structure allow a decent return? What is the scope of our business and what is its competitive advantage and how will our rivals will react on these particular steps? When we are making the implementation for the value realization will our initiative build the capabilities we need in the long term and are we organize the adaptive changes there and the outcome will be the performance. Do our resources support desirable future moves are there? So therefore, a simple way to test our company strategic alignment is how aligned is your strategy with your organizational capabilities and how aligned is your strategy with your long term purpose is there.

So, here the organizational capabilities and the long term purpose is there. So, when it is not aligned and the long term purposes are not also there, not long for this world is they will be existing. But, when your strategies capabilities are aligned and your long term purpose is low, then in that case it will be the only the going nowhere. When your strategies are aligned and your long term goals are also purpose, then there will be the strategy effectiveness is there and which will lead to the organizational effectiveness. And when your strategies are the high and the organizational capabilities are high, then in that case, you will find that is the best change of winning organizational effectiveness that will be created with the strategy effectiveness and the organization effectiveness is there.

And when, your long term purpose is high, but your capabilities are low, then the best of the intentions but incapable will be there. So, naturally what is required? Your long term purpose is to be high, and then the these organizational capabilities are to be high,

definitely your strategy will be effective and the organizational effectiveness will be there. So, dozens of the different strategy options are there 5 approaches to strategies are there and that is about that is the malleability is low and high and the unpredictability is low and high. When malleability is low, I can predict it, but I cannot change it, that is, then in that case and your unpredictability is also high, then it will be classical. When you say I can predict it and I can change it, then definitely your the unpredictability will be low and your visionary is there.

When you say that is I cannot predict it, but I can change it and that is a shaping is there and I cannot predict it and I can change it that is the adaptive is there. Ultimately, that is these particular strategies that will take you through the renewal and the resources are the several constants are there and then you can overcome with the successful strategy applications are there. Now, these different approaches used to the strategies and they are the ad hoc and the level of the processes low and high input from the employees, then you can go for this the administrative, collaborative, ad hoc and the unilateral type of the strategic decision makings are there. So, 12 essential strategies for building a sustainable business are and that is every business decision has an impact on the longevity of the organization that is why each decision by leader must be carefully made. I am sure when you will go through these the 12 essential strategies, you will be able to formulate that is what will be your the best strategies are there.

Please, go through these 12 strategies and this case study, this will give you how to plan a decision making process and decide the strategies and effectively we can develop this particular strategy with the high impactness for the organizational effectiveness. This is a paper, competitive strategy the structure and firm performance a comparison of the resource based view and the contingency approach and this paper will be helping you to firm performance that how you can usually this relationship between the organization structure, competitive strategies and the performance they have been utilizing the this contingency approaches are there. This is the book which is the data driven organizational design that has been recommended for sustaining the competitive edge through the organizational analytics written by the Rupert Morrison. I am sure this will help you to understanding that is the how these particular strategy driven organizations they become successful. These are the references for you are the further detailed reading as usual and it will help you there.

How to formulation of the strategy for the long term for the sustainability of the organization. Thank you. Thank you.