EPICENTRAL

A Newsletter from Epicenter Development Group highlighting ideas that improve organizations

Welcome to Epicenter Development Group's newsletter, EPICentral. The purpose of this newsletter is to highlight fundamental ideas that have helped organizations develop and maintain great manufacturing and service operations. We hope that you find our EPICentral newsletter helpful, and we would welcome your comments on its content.

Organizational Alignment with Galbraith's Star Model

As an Industrial Systems Engineering (ISE) professional, I am often contacted as a resource to help evaluate and improve a client's manufacturing, service or warehousing operations. While it is true that Operations are a key <u>component</u> of an organization's overall success, it should be recognized that operations must also be aligned with other components of an organization to fully support its strategy and vision. This month's article introduces Jay Galbraith's **Star** model which considers the key components of a successful organization.

The Star model emphasizes a philosophy whereas four key organizational components must be aligned to best support a company's overall strategy and vision. Below is a summary of each of the components and their roles.

Key Organizational Components:

Structure. How your organization is structured. It includes the structures for power and authority, reporting relationships, and people's roles within the firm. Some considerations include:

- The structure can have a big impact on an organization's flexibility to meet changing market needs. Consider how your current structure supports or constrains your ability to meet goals.
- It is important for people to fully understand their roles and responsibilities within the structure and how they are connected to the overall organizational strategy.

People Practices. How an organization hires, communicates with and develops/trains its workforce. Some considerations include:
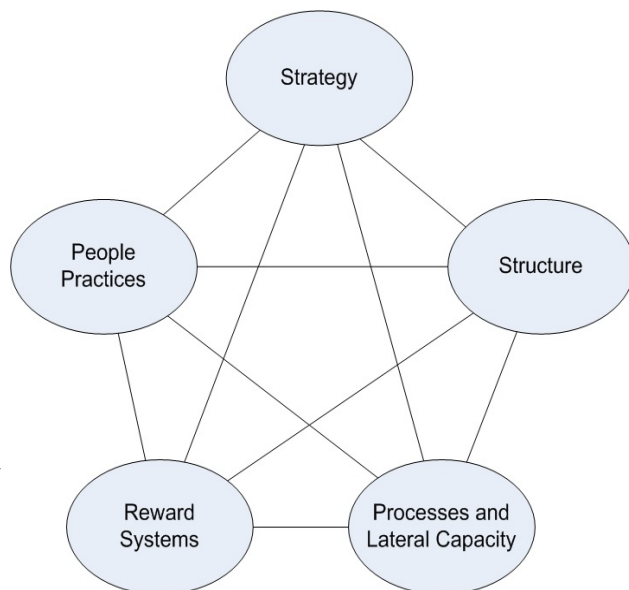
- Consider not only a candidate's qualifications to do the job, but also the "fit" for the position within the organization. At Epicenter we use a tool called DiSC to evaluate candidates' personal styles and preferences.
- Many organizations subscribe to the "on-the-job" training approach. Although hands-on training can be a benefit, make sure that the training includes the use of "best-practice" methods (not just "the way we always did it").

Reward Systems. The systems for rewarding behaviors that support the overall strategy, vision and values. Some considerations include:

- I'm a big believer in not waiting until the "end-of-the-year" to give employees feedback (good or bad). Consider how to appreciate or provide constructive feedback frequently throughout the year.
- Be careful on what behaviors are rewarded. Are people focusing on getting a good "score" or doing the right thing for the organization? How do the current rewards affect productivity, quality, flexibility and a good culture?

Processes and Lateral Capacity. The systems required to provide the product or service to the end customer. Some considerations include:

- One of the biggest reasons to change an operation is to bring it more in line with the organization's strategy. For example, if the strategy is to be flexible, then the operations need to be designed to be flexible. How well do your operations support your strategy?
- As taught in Lean philosophies, it is important that processes are standardized as much as possible using "best-practice" methods and tools. Standardization does not mean inflexibility but, rather, consistency when being executed.

Strategy. The vision and direction of your organization that gives it a competitive advantage in the marketplace. It could be to provide the lowest-cost products and services, differentiation in a specific market, or a focus on serving a particular target client group extremely well. Some considerations include:

- If your strategy involves being the lowest-cost provider then your operations would focus on strategies to lower costs as much as possible while providing an acceptable level of features and quality.
- If your strategy involves being flexible then your organizational structure might support cross-functional teams that can quickly adapt to market changes with minimal "bureaucracy."

Other Considerations:

- The over-arching idea of the model is that it is best if all components of an organization work together and are in alignment with each other and the organizational strategy.
- If a change must be made in any of the components then consider related changes that must be made in the other components to stay in alignment.
- It would also be worth considering a regular review that considers the organization's "health" based upon not only how each component of an organization is working, but also how they are working together and to support the strategy.

Next Steps

If you would like more information on this topic or other similar types of tools, please contact Bill Proctor with your request at wproctor@epicentergroup.com or 216-702-0952. You can also find previous issues of EPICentral at Newsletters.

Mr. Proctor also speaks on a variety of problem-solving and system design topics that can help companies significantly increase the success and profitability of their businesses. If you are interested in having Bill speak at one of your upcoming meetings/events or would like more information on any of the speaking topics, please visit Speaker Services or you can email sales@epicentergroup.com.

Epicenter Development Group is a unique consulting firm that seamlessly integrates the disciplines of Systems Engineering and Organizational Analysis & Development to create practical design solutions to your toughest challenges. It is on the cutting edge of problem-solving solutions and the creator of a unique process called GreenRoom Engineering. This process adds greater value and cost savings for clients as compared to traditional engineering methods.

William Proctor, Epicenter's founder and president, has provided services around the country to more than 100 companies consisting of a variety of organizations; and Epicenter continues to grow as a resource for firms of all sizes.

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