NYU STERN

STRATEGIC DESIGN SPRING 2026
B65.2370.S1 SUN AM/PM ONLINE (Draft)

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E-mail: rkabalis@stern.nyu.edu (Sure way to reach me, 24/7)
Zoom Office Hours: By appointment. Just email me ahead.

Class Hours: 11:00-1:00 & 2:00-4:00. Sundays March 8, 15, 29; Apr 5, 12, 26.
NO CLASS ON MARCH 22, APR 19.
Required Deliverables: Two Team Assignments, plus brief individual in class DIscussion exercises.
Optional Deliverables: An individual class journal on favorite class concepts and an extra individual assignment.

Syllabus is subject to further fine tuning to enhance our collective learning experience.

To join, log in to nyu.edu/Brightspace/zoom

Welcome aboard!

COURSE CONTENT

Welcome to the elective course on organizational design and implementation, on executing strategy! Survey says two thirds of business and corporate strategies fail *not due to poor strategy but poor implementation* of strategy. This course will help you understand what goes wrong in strategy execution and how to set it right. And I am delighted to serve as your learning facilitator.

What do we learn from this course?

You are likely familiar with the basics of organizational strategy and structure from your previous courses such as *Strategy* and *Leadership in Organizations*. While strategy focuses on formulating a game plan, structure is where it gets truly played out. Merger and acquisition strategies often fail because of failure to follow through with proper structures to realize the strategies intended.
For corporate success, competitive strategy starts the process. Compelling design completes it. Design, a deliberate, action driven orchestration of firm structure and process, is what translates strategy into performance. This course is about how to get design right.

To get design right, we seek answers to the following questions: *Given a strategy, how do we implement it? What could go wrong? How do we correct it through better design of structure and process?* Through analyses of several case studies, we will probe how strategies actually get *executed* through the medium of structure. More broadly, we will study how organizational dimensions such as strategy, structure, technology and culture, and the many sub-dimensions within each of these, *relate to one another* and *how they collectively determine the overall adaptive alignment* of the organization with respect to its market opportunity set.

Who will benefit from this course?

This course should benefit:

- Those who plan careers in management consulting or marketing

- Top management team members who need to know the forest *and* the trees
- Middle and upper middle managers who are often told to "just do it"
- Entrepreneurial types including professionals such as doctors and lawyers who wish to start their own businesses
- Those who require the ability to assess organizations, such as financial analysts or investment bankers.

The course follows an interactive, discussion driven format. And the cumulative thrust of the course is a course team project in which you will subject your own organization's structure and its varied dimensions to critical analysis and come up with action specific recommendations to top management.

Digital Course Pack- HBS Casepack url: will alert you soon

Recommended, not required, book:
Making Strategy Work : Leading Effective Execution and Change by Lawrence G. Hrebiniak Pearson Education, 2013**.**

FURTHER RECOMMENDED READING: Early Works on Design (Not in case/readings packet)
Organizing for the Future: The new logic for managing complex organizations, by Jay Galbraith and Edward Lawler, Jossey-Bass, 1993.
Beyond Reengineering: How the process-centered organization is changing our work and our lives, by Michael Hammer, Harper Collins,1996.
Competing by Design: The power of organizational architecture, by David Nadler and Michael Tushman, Oxford Univ. Press, 1997.
The Innovator's Dilemma: *When New Technologies Cause Great Firms to Fail,* by Clayton Christensen, 1997.

GRADING GUIDELINES

ATTENDANCE: I do not track attendance**.** However, I encourage you to make a good faith effort to attend all the class sessions. Your presence helps you as well as the rest of us learn more. Please note your presence and participation is especially necessary and required on those sessions where either an individual or team deliverable/presentation is due.

Required Deliverables
1. **Individual Inclass Forum Exercises.** There will be some simple, straight forward NYUC Forum Individual Exercises, self-assessments and such, which will require your in class responses. To accommodate the demands on your time, individual/team forum exercises will not have an expiry date on them. If you are unable to make it to a class, you can still complete the exercise later at your time and convenience.

2. Team Deliverable 1: Team Design Project Presentation. The purpose of the team design project is to learn how to analyze a real organization in depth on a specific theme of your choice. Please

form teams of four. The team topic could be anything that relates to one or more of the concepts covered in this course. ***Make sure you choose a specific theme*** **in your report to highlight, compare across the companies you work /worked at, and critique. Do not choose HBS cases!** Think of this as an opportunity to take a deeper dive into an area of **your** work to help you in planning your career/job choices ahead.

You are free to choose any design theme that you like to address. Some sample themes are:

- Hiring strategies: How to do it right
- Designing for innovation: What works and why
- Post merger integration: Design problems and solutions
- Designing for Empowerment: How to get it right
- Talent Retention: Which techniques work best
- Performance Measurement and Reward: Best approaches
- Work-Life Balance: How to design jobs that provide the best trade-off
- Careers for Couples: What works best for dual career couples
- Design for Diversity: How to ensure diversity increases team efficiency and social equity
- Integrating AI into Design to drive performance: What works and what doesn't

The report should be a power point deck of slides. Your team will make an oral presentation to class based on your report in the last two sessions. I will go over this in class and provide more pointers.

3. Team Deliverable 2: Team Cyber Take Presentation on case concepts from a case in the syllabus. Your team will be assigned to one case concept from the syllabus and your job is to research the internet on real world examples of the use of case concepts. Note that **your team will NOT present the case but just the research you do on concepts that undergrid the case.** The whole idea behind this exercise is to extend class learning into digital space. Look for specific Team CyberTake questions in the schedule of Discussion assignments below. Post your Cyber Take slides in Brightspace/Assignments.

Optional Deliverable (Two parts- A & B. You will need to submit **both** to be considered)

Those who complete the required deliverables and want to take a chance at a higher grade in the A/A- range have to go the extra mile and take their chances by submitting the following two parts optional. Please note that doing the optional deliverables gives you only a place in the race but does not necessarily guarantee the trophy as Stern norms require number of As in a class should be lower than that for non-As.

Part A. Favorite Five: Journal. Choose five cases from the course which were your personal favorites in the course. For **each** case, write approx. two pages of journal using the 3R framework; **R1- Recap, R2-Reflect, and R3-Remember**.

R1: RECAP. Recapitulation. Identify the case and provide a summary of the case content, case issues and analysis as per class discussion. I am looking for how well you absorb the material. Approx. 1 page.

R2: REFELCT. Reflection. Reflect on how the case connects with relevant experiences in your own career thus far. I am looking for relevant stories and observations from your work/life and readings and how well you internalize the content and relate it to your life/career stories. Approx. 1 page.

R3: REMEMBER. Takeaway. Here I am looking for a one sentence takeaway drawn from your recap and reflection. The stuff that sticks in your memory.

Total length of one word doc containing the five journal entries: 8 to 10 pages single/double spaced. This will be due only at the end of the semester. If you wish to get midstream feedback on your journal entries as you work on them, I will be happy to provide it as long as you approach me early enough in the course.

Part B: You do the **additional individual assignment**
The questions for this assignment will be posted on Brightspace at least a week ahead of its due date.

For both these assignments, the due date will be the **Sunday** following the last class session.

Grading Plan & Due Dates:

Individual/Team Inclass Forum Exercises	Pass/Fail
Team Design Project Presentation	Pass/Fail Due: Sessions 11/12
Team Cyber Takes Presentation	Pass/Fail Due on date you present
Optional Part A: My Favorite Five: Class Journal	Due: Sun after last class.
Optional Part B: Additonal Assignment	Due: Sun after last class.

Any problems? Feel free to get in touch with me and share your thoughts and expectations on the course. The email is the best and the fastest way to get in touch with me. Remember, in this digital world, I live a mere swipe away from you.

Schedule of Assignments

Mar 8, 15, 29; Apr 5, 12, 26. No class 3/22, 4/19.

Theme: Basics of Design

1 3/8 AM

Introduction
CASE: Boston Lyric Opera
Read ing: The Balanced Score Card

Case: Boston Lyric Opera
Thought Questions
1.The Boston Lyric Opera (BLO) working group has selected eight customer objectives for its three strategic themes (see bulleted items on pages 5-7 of the case, also summarized in the Customer row of Exhibit 5):

- Develop loyal and generous supporters
- Build reputation on national and international opera scene
- Reach the Boston area community

What **measures** should the project team select for these eight objectives?
2. What changes were required to adapt the Balanced Scorecard (BSC) to a nonprofit organization?
3. What are the benefits from developing the Balanced Scorecard at BLO? What challenges and barriers must Del Sesto and Dahling-Sullivan overcome to capture these benefits?
4. Comment on the process that the BLO used to develop the BSC. What was critical for the success of the project?

Introduction to Team Project: The class will divide itself into EIGHT teams of equal size. Members of each team stay together as a team for all team discussions. **Within each team, members research their individual companies on a common implementation/ execution issue.** See sample projects posted to NYUC.

Recommended Readings
Note: Recommended readings are not in the course packet but typically available through Bobst Library Ejournals database for your free, personal use. I do this to reduce the cost of your course packets.

Having Trouble with Your Strategy? Then Map It, R S Kaplan and D P Norton, Harvard Business Review (HBR), Sep-Oct 2000, 167-176.

Theme: Timing it Right - Incremental vs Quantum Approaches to Implementation

2 3/8 PM
Read: Enterprise Resource Planning, Technology Note

CASE: Tektronix, Inc: Global ERP Implementation
Thought Questions

1. Why did Tektronix implement ERP in stages? How should a company decide between implementing in stages or going big-bang?
2. How did Tektronix manage the risks of ERP implementation?
3. What is your overall assessment of the Tektronix ERP project?

***Cyber Take 1*: (Team 1 does Cyber Take 1, Team 2 does Cyber Take 2 and so on)**
How do you do ERP? Research the internet on real examples of ERP implementation. Share with the class **examples of effective and ineffective execution** of ERP. What are the key takeaways on ERP based on your research? Post 3 or 4 slides to NYUC. Make it fun! Share with class one or two relevant, and crisp, short (less than 2 min) on line videos. Suggested time: 15-20 min.

In class Team Exercise (for all teams): What is your company's approach to implementing ERP or ERP like initiatives? What are the top three problems they faced/face? What are the top three ways to resolve them?

Theme: Systems Approach to Design

3 3/15 AM

Reading: Decoding the DNA of the Toyota Production System
CASE: Virginia Mason Medical Center

Recommended Reading:
http://www.toyotaglobal.com/company/vision_philosophy/toyota_production_system/origin_of_the_toyota_production_system.html
The origin of the Toyota Production System

https://www.theatlantic.com/health/archive/2019/04/do-europeans-get-big-medical-bills/586906/?utm_source=pocket-newtab
Should America just get rid of health insurers? From The Atlantic.

Recommended Watch: https://www.youtube.com/watch?v=jZLtbye--sg
Rooting Out Waste in Health Care by Taking Cue from Toyota

https://www.youtube.com/watch?v=xd7BEmhbGnA 14 min
Applying the Toyota Production System to Medicine
Dr. Gary Kaplin, chairman and CEO for **Virginia Mason Health System**, presents how his organization has implemented Lean processes to improve the quality and efficiency of health care. Dr. Kaplin made the presentation at the St. Luke's Health System Summit on

Friday, Feb. 15, 2013

https://www.youtube.com/watch?v=U0_ktNqbQyU 4min
Lean Manufacturing Example Toyota Plant Kentucky

https://www.youtube.com/watch?v=KtTQff7Uf_w 6 min
Production System Meals Per Hour 720p

https://www.youtube.com/watch?v=ck8Ki9_LzME 2 min
Lean kanban Point of Use Example

https://www.youtube.com/watch?v=9_9WyiPhoHA 8 min
lean manufacturing Boeing

https://www.youtube.com/watch?v=oA_YSyBkhiM 1 min
Lean: Value Stream and Non Value Example

In 2000, Dr. Gary Kaplan became CEO of the Virginia Mason Medical Center in Seattle, Washington. The hospital was facing significant challenges: It was losing money for the first time in its history, staff morale had plummeted, and area hospitals presented ardent competition. Considerable change was imminent. Within his first few months, Kaplan had rallied the organization around a new strategic direction: to become the quality leader in health care. What Kaplan and his administrators lacked was an effective tool to execute their strategy. Soon thereafter, a series of serendipitous events led to the discovery of the Toyota production system, and the Virginia Mason Medical Center became entrenched in an overwhelming challenge: how to institute a production model in health care.

Thought Questions

1. What is Gary Kaplan trying to achieve here?
2. How does the Toyota Production System fit into this strategy?
3. Refer to the “perople are not cars” debate. What is your take on this?

***Cyber Take 2*:** How can companies shift to system thinking, like Toyota and TPS? Research the internet on real examples of TPS in use. Share with the class examples of **effective and ineffective execution** of TPS. What are the key takeaways on TPS based on your research? Post 3 or 4 slides to NYUC. Make it fun. Share with class one or two relevant, and crisp, short (less than 2 min) on line videos. Suggested time: 15-20 min.

In class Team Exercise (for all teams): What is your experience with TPS or TPS like initiatives at your work place? List the top three specific steps you would advise the leadership to take to increase work process efficiency? What are the top three problems they faced/face? What are the top three ways to resolve them?

Theme: *Designing for Innovation – Culture and Structure*

4 3/15 PM

CASE: Keeping Google "Googley" (Abridged) 409099-PDF-ENG

This case, set in 2008, examines how Google has worked to avoid potential negative byproducts of rapid growth such as bureaucracy, slow decision-making, lack of visibility, and organizational inconsistency. When the case protagonist, Kim Scott, started with Google in 2004, she wondered if she would still be there in several years as she liked small, entrepreneurial companies. In 2008, she was pleased that Google still had the same entrepreneurial energy that it had when she joined. She and her colleagues reflect on how Google has been able to maintain its culture as the company keeps doubling in size.

Thought Questions

1.How does a company can maintain its entrepreneurial culture amidst rapid growth?
2.What are the tradeoffs you have to make in opting for both big company growth and a small company feel?

***Cyber Take 3*:** How do innovative companies organize their structure? Research the internet on real examples of **designing for innovation** similar to Google. Share with the class **examples of effective and ineffective execution** of such effort. What are the key takeaways on designing for innovation based on your research? Post 3 or 4 slides to NYUC. Make it fun! Share with class one or two relevant, and crisp, short (less than 2 min) on line videos. Suggested time: 15-20 min.

In class Team Exercise (for all teams): What possible ways you think your organization can be made more innovative? What are the stumbling blocks to innovation you see at your place of work?

Theme: Designing for Innovation - Culture and Creativity

5 3/29 AM

Reading: Innovation- IDEO CEO Interview.

CASE: IDEO: Human-Centered Service Design 615022-PDF-ENG 20 pages

The case describes IDEO, one of the world's leading design firms, and its human-centered innovation culture and processes. It is an example of what managers can do to make their own organizations more innovative. In reaction to a rapidly changing competitive landscape, a team of IDEO designers have been hired by Cineplanet, the leading movie cinema chain in Peru, to reinvent the movie-going experience for Peruvians. Cineplanet wishes to better align their operating model with the needs and behaviors of its customers.

***Cyber Take 4*:** What makes a company creative? Research the internet on real examples of **creative approaches used in managing innovation.** Share with the class examples of effective and ineffective execution of such effort. What are the key takeaways based on your research on how companies try to stay creative? Post 3 or 4 slides to NYUC. Make it fun! Share with class one or two relevant, and crisp, short (less than 2 min) on line videos. Suggested time: 15-20 min.

In class Team Exercise (for all teams): Is your company creative? If so, how so? If not, why not? What specific steps you recommend the leadership to take? Also, is it necessary for a company to be creative?

Design Project Introductory Presentation by all teams: Company and project theme introduction by teams. Please bring to class the research you have done to date and spend the rest of class time working on your group project with your team members. I will be at your service as your private consultant.

Teams will be invited to post and present a few slides (one slide listing the organizations' names and industries, one slide on the project theme they have chosen to analyze their orgnanizations on, and a third slide briefly mentioning the research findings on the theme.

Deliverable: Post deck of slides as PPT to Assignments/Design Project – Intro Slides

Theme: Implementation Issues in Global Team Design

6 3/29 PM

CASE: Managing a Global Team: Greg James at Sun Microsystems, Inc. (A)

Thought Questions

1. How well do you think James has managed his global team?
2. What role did the Open Work environment play in the case?
3. How did diversity play out here?
4. What do you advise Greg to do in the short run and the long run?

***Cyber Take 5*:** How is a global team different from a regular team? What do you need to watch out for? Research the internet on real business examples of problems in **designing global teams.** Share with the class **examples of which approaches work and which don't**. What are the key takeaways based on your research? Post 3 or 4 slides to NYUC. Make it fun! Share with class one or two relevant, and crisp, short (less than 2 min) on line videos. Suggested time: 15-20 min.

In class Team Exercise (for all teams): What is your personal experience with working with or as part of a global team? What are the major issues you encountered and the solutions you felt seem to work? What is your vision of an effective design for a global team?

Theme: People Issues in Design* - Performance Evaluation *Systems

7 4/5 AM

Recommended Read: Saying it like it isn't: The pros and cons of 360-degree feedback
Recommended Read: Conducting a Performance Appraisal Interview

CASE: Microsoft Corporation: Is Stack Ranking the Answer?

A vice-president of human resources at a technology software provider was reviewing the employee appraisal submissions for her firm. After years of rapid growth, the firm was underperforming relative to its peers and it seemed that part of the problem was its relaxed performance appraisal system. As much had been written about Microsoft Corporation's stack ranking system, the human resources executive wondered how much she could learn about appraisal systems from this example.

Learning Objectives include: How best to evaluate employees in a large corporation; How to assess the performance of teams; How to foster teamwork and still evaluate individuals within that team and across teams.

Further Recommended Readings
See chapters 9 and 10 in Robert Simons, *Performance Measurement & Control Systems for Implementing Strategy*, Prentice Hall, 2000.
The impact of 360 degree feedback on management skills development by Hazucha J F et al. in Human Resource Management, 32 (2,3): 325-351.
Preserving employee morale during downsizing by Mishra, Spreitzer and Mishra in Sloan Management Review.
Teaching Smart People How to Learn, HBR.

***Cyber Take 6*:** Research the internet on real business examples of different approaches to **designing feedback**. Which approaches seem to be more effective? What are the key takeaways based on your research? Post 3 or 4 slides to NYUC. Make it fun! Share with class one or two relevant, and crisp, short (less than 2 min) on line videos. Suggested time: 15-20 min.

In class Team Exercise (for all teams).
How do you get evaluated at work? If you are allowed full freedom to design your own performance evaluation instrument, how would you do it? Please list the instrument's dimensions/measures and precisely how you would measure each. Please bring to class a template of your evaluation instrument to share it with the team.

Theme: Design Issues in Complex Systems

8 4/5 PM

Read: Debiasing the corporation: An interview with Nobel laureate Richard Thaler,
Posted in Resources.

***Cyber Take 7*:** Research the internet on real examples of **cognitive biases** that occur in organizations and how they affect measurement. Do you find any organization that actively

seeks to design away biases? What are the key takeaways based on your research? Post 3 or 4 slides to NYUC. Make it fun! Share with class one or two relevant, and crisp, short (less than 2 min) on line videos. Suggested time: 15-20 min.

Team time to work on Design Project.

Theme: How to design away biases in measurement

9 4/12 AM

Video Case: Columbia's Final Mission. No need to prep ahead. I will do it in class.
Read: Facing Ambiguous Threats , HBR

Further Recommended Early Readings
System Dynamics Modeling: Tools for Learning in a Complex World, HBR
Understanding behavior in escalation situations by B Staw and J Ross, Science, 1989, 246:216-220.
The escalation of commitment to a failing course of action by J Brockner, Academy of Management Review, 1992, 17:39-61.
Normal Accidents: Living with high risk technologies by C Perrow. Princeton, NJ: Princeton University Press, 1999.

Team Time to work on Design Project.

Theme: Designing for Work-Life Balance in the Age of Knowledge

10 4/12 PM

No specific case assigned for this session.
In class Forum Team Exercise (for all teams): What is your experience of work-life issues and tradeoffs you personally had to wrestle with and resolve? Discuss and debate and come up with a team list of top five issues and recommended solutions.

***Cyber Take 8*:** Research the internet on real examples of flex work and/or work-life balance arrangements in corporations, *especially for dual-career couples*. What are the major challenges facing dual-career couples? Which approaches seem to be more effective? What are the key takeaways based on your research? Post 3 or 4 slides to NYUC. Make it fun! Share with class one or two relevant, and crisp, short (less than 2 min) on line videos. Suggested time: 15-20 min.

Team Time to work on Design Project

NO CLASSES ON APR 19 SUN.

11 4/26 AM

Design Project: Team Presentations
Note to presenting teams: Upload to NYUC.

12 4/26 PM

Design Project: Team Presentations (contd.)
Note to presenting teams: Upload to Brightspace/Assignments
Course Review.

DUE: Optional Deliverables Parts A and B (need to do both) due Sun after last class.

ABSTRACTS OF CASES AND READINGS (including recommended ones you can google)

The Boston Lyric Opera

The Boston Lyric Opera was the fastest growing opera company in North America during the 1990s. Having successfully completed a move to a larger facility in 1999, the board and general director recognize the need to develop a formal strategic planning and governance process to guide the company into the future. Board members, senior managers, and artistic leaders use the Balanced Scorecard (BSC) as the focus of a multi-month strategic planning process that develops a strategy map and objectives in the four BSC perspectives for three core strategic themes. This case describes the high-level scorecard development, its cascading down to departments and individuals and the directors' interactions--using the Balanced Scorecard--with the artistic leaders and board of directors.

Columbia's Final Mission (Multimedia Case)

On February 1, 2003, the Shuttle Columbia disintegrated upon re-entry into the Earth's atmosphere, and the seven astronauts onboard lost their lives. Explores Columbia's final mission from the perspective of six key managers and engineers associated with NASA's Space Shuttle Program. An introductory video and interactive timeline present background information. An application replicates the desktop environment of six real-life managers and engineers involved in decision making during the period prior to Columbia's re-entry. Each user is preassigned a particular role and, through a password system, enters the role-play application. Users review the protagonists' actual e-mails, listen to audio re-enactments of crucial meetings, and review space agency documents. Users must be prepared to play the role of the protagonist in a classroom re-enactment of a critical Mission Management Team meeting that took place on Flight Day 8 (January 24, 2003). Users examine the organizational causes of the tragedy rather than focus on the technical cause. The learning objective is to enhance understanding of organizational decision making and learning as well as catastrophic failures; to help students understand how failures can evolve; to think about how to prevent failures in an organization; and to examine how to manage crises effectively. Also, to learn leadership behavior and how to build an organization that is less susceptible to significant preventable failures.

Decoding the DNA of the Toyota Production System

The Toyota Production System is a paradox. On the one hand, every activity, connection, and production flow in a Toyota factory is rigidly scripted. Yet at the same time, Toyota's operations are enormously flexible and responsive to customer demand. How can that be? After an extensive four-year study of the system in more than 40 plants, the authors came to understand that at Toyota it's the very rigidity of the operations that makes the flexibility possible. That's because the company's operations can be seen as a continuous series of controlled experiments. Whenever Toyota defines a specification, it is establishing a hypothesis that is then tested through action. This approach--the scientific method--is not imposed on workers, it's ingrained in them. And it

stimulates them to engage in the kind of experimentation that is widely recognized as the cornerstone of a learning organization. The Toyota Production System grew out of the workings of the company over 50 years, and it has never actually been written down. Making the implicit explicit, the authors lay out four principles that show how Toyota sets up all its operations as experiments and teaches the scientific method to its workers. The first rule governs the way workers do their work. The second, the way they interact with one another. The third governs how production lines are constructed. And the last, how people learn to improve. Every activity, connection, and production path designed according to these rules must have built-in tests that signal problems immediately. And it is the continual response to those problems that makes this seemingly rigid system so flexible and adaptive to changing circumstances.

Design Thinking and Innovation at Apple (Not included in this version of the syllabus)

Describes Apple's approach to innovation, management, and design thinking. For several years, Apple has been ranked as the most innovative company in the world, but how it has achieved such success remains mysterious because of the company's obsession with secrecy. This note considers the ingredients of Apple's success and its quest to develop, in the words of CEO Steve Jobs, insanely great products. Focuses on: 1) design thinking; 2) product development strategy and execution; 3) CEO as chief innovator; and 4) bold business experimentation.

Facing Ambiguous Threats

On February 1, 2003, the world watched in horror as the Columbia space shuttle broke apart while reentering the earth's atmosphere, killing all seven astronauts. Some have argued that NASA's failure to respond with appropriate intensity to the so-called foam strike that led to the accident was evidence of irresponsible or incompetent management. The authors' research, however, suggests that NASA was exhibiting a natural, albeit unfortunate, pattern of behavior common in many organizations. The foam strike is a prime example of what the authors call an ambiguous threat--a signal that may or may not portend future harm. Ambiguous threats differ from threats with obvious causes--say, a fire in the building--for which the response is clear. They also differ from unmistakable threats that may lack straightforward response paths (such as the frightening oxygen-tank explosion aboard Apollo 13). However, when the warning sign is ambiguous and the threat's potential effect is unclear, managers may choose to ignore or discount the risk. Such an approach can be catastrophic. Firms that do a good job of dealing with ambiguous threats do not improvise during a crisis; rather, they apply a rigorous set of detection and response capabilities that they have developed and practiced beforehand. In this article, the authors outline how to put such capabilities in place long before a crisis strikes. First, companies need to hone their teamwork and rapid problem-solving skills through practice. Second, they must learn to recognize weak signals, amplify the threat, and encourage employees to ask disconcerting "what if" questions in a safe environment. Finally, they should explore possible responses to threats through quick, low-cost experimentation.

Having Trouble with Your Strategy? Then Map It

If you were a military general on the march, you'd want your troops to have plenty of maps--detailed information about the mission they were on, the roads they would travel, the campaigns they would undertake, and the weapons at their disposal. The same holds true in business: a workforce needs clear and detailed information to execute a business strategy successfully. Authors Robert Kaplan and David Norton, cocreators of the balanced scorecard, have adapted that seminal tool to create strategy maps. Strategy maps let an organization describe and illustrate--in clear and general language--its objectives, initiatives, targets markets, performance measures, and the links between all the pieces of its strategy. Using Mobil North American Marketing and Refining Company as an example, Kaplan and Norton walk through the creation of a strategy map and its four distinct regions--*financial, customer, internal process, and learning and growth*--which correspond to the four perspectives of the balanced scorecard. The authors show how the Mobil division used the map to transform itself from a centrally controlled manufacturer of commodity products to a decentralized, customer-driven organization.

IDEO Product Development

Describes IDEO, the world's leading product design firm, and its innovation culture and process. Emphasis is placed on the important role of prototyping and experimentation in general, and in the design of the very successful Palm V handheld computer in particular. A studio leader is asked by a business start-up (Handspring) to develop a novel hand-held computer (Visor) in less than half the time it took to develop the Palm V, requiring several shortcuts to IDEO's legendary innovation process. Focuses on: 1) prototyping and experimentation practices at a leading product developer; 2) the role of playfulness, discipline, and structure in innovation processes; and 3) the managerial challenges of creating and managing an unusually creative and innovative company culture.

Making Partner: A Mentor's Guide to the Psychological Journey

For years, partners at professional service firms considered the leap from professional to partner a function of "natural selection"--a test of survival of the fittest. But that model is on the verge of extinction: in today's firms, securing and retaining talent is becoming paramount as young MBAs, once willing to log years of hard labor in hopes of being made partner, are leaving in hordes for hot new Internet companies. So how can companies keep the talent they've worked so hard to cultivate? One way is to have partners take a more active mentoring role in helping junior professionals create a partner persona. She explains the three steps that senior colleagues can take to guide junior professionals on this journey. The first has to do with observing role models. By taking a collage approach, young professionals can survey a broad range of personalities and so accumulate a larger repertoire of possible styles to choose from. For their part, partners can assist in this observation process by communicating explicitly what styles work for them and why. The second step partners can take is to encourage professionals to develop a repertoire of role models; by working with many senior professionals, junior colleagues are more apt to find just the right mix of mentors. And third, senior people can take extra care to support young professionals at the most difficult moments in the process. Indeed, the leap from professional to partner is

difficult--even trying at times. But for those willing and daring enough to take the leap--and for those who've already made it--understanding the associated psychological and emotional obstacles is critical to success.

Managing a Global Team: Greg James at Sun Microsystems, Inc. (A)

This case explores the issues of managing a globally distributed team. Greg James, a global manager at Sun Microsystems, Inc., sets out to meet with his entire 43-member customer implementation team spread across India, France, the United Arab Emirates, and the United States of America to resolve a dire customer system outage as required by a service agreement. Rather than finding a swift resolution to the rapidly escalating customer situation that motivated his trip, he finds himself facing distributed work, global collaboration, conflict and management issues that are threatening to unravel his team.

System Dynamics Modeling: Tools for Learning in a Complex World

Today's problems often arise as unintended consequences of yesterday's solutions. Business and public policy settings suffer from policy resistance, the tendency for well-intentioned interventions to be defeated by the response of the system to the intervention itself. Just as an airline uses flight simulators to help pilots learn, system dynamics enables us to create management flight simulators to avoid policy resistance and design more effective policies. System dynamics is also a process for working with high-level teams designed to improve the chances for implemented results. This article discusses how system dynamics can be used effectively to design high-leverage policies for sustainable improvement and introduces the next three articles in this issue discussing the application of system dynamics to a variety of critical issues facing business leaders today.

The 12 different ways for companies to innovate

Faced with the prospects of slow growth, commoditization, and global competition, companies like General Electric Co., Microsoft Corp., and Ford Motor Co. have now emphasized innovation as critical to their future success. But what exactly is innovation? Although the subject has risen to the top of the CEO agenda, many companies have a mistakenly narrow view of it. They might see "innovation" as synonymous with "new product development" or traditional "research and development." But such myopia can lead to the systematic erosion of competitive advantage. As a result, companies in a given industry can come to resemble one another over time. In actuality, business innovation is far broader in scope than product or technological innovation. In fact, a company can innovate along any of 12 different dimensions with respect to its (1) offerings, (2) platform, (3) solutions, (4) customers, (5) customer experience, (6) value capture, (7) processes, (8) organization, (9) supply chain, (10) presence, (11) networking, and (12) brand. Nissan Motor Co., for example, has innovated along the platform dimension, using essentially the same small engine block to power a variety of models, including an upscale mid-size sedan, a large sedan, luxury sedans, a minivan, and a sports coupe. Enterprise Rent-A-Car has innovated along the customers and presence dimensions, placing car rental locations in the neighborhoods where

people live and work rather than at airports. Together, the 12 dimensions of innovation can be displayed in a new framework called the "innovation radar," which companies can use to manage the increasingly complex business systems through which they add value.

The Risky Business of Hiring Stars

With the battle for the best and brightest people heating up again, you're most likely out there looking for first-rate talent in the ranks of your competitors. Chances are, you're sold on the idea of recruiting from outside your organization--developing people within the firm takes time and money. But the authors, who have tracked the careers of high-flying CEOs, researchers, software developers, and leading professionals, argue that top performers quickly fade after leaving one company for another. To study this phenomenon in greater detail, the authors analyzed the ups and downs of more than 1,000 star stock analysts, a well-defined group for which there are abundant data. The results were striking. After a star moves, not only does his performance plunge, but so does the effectiveness of the group he joins--and the market value of his new company. Moreover, transplanted stars don't stay with their new organizations for long, despite the astronomical salaries firms pay to lure them from rivals. Most companies that hire stars overlook the fact that an executive's performance is not entirely transferable because his personal competencies inevitably include company-specific skills. When the star leaves the old company for the new, he also leaves behind many of the resources that contributed to his achievements. As a result, he is unable to repeat his performance in another company--at least not until he learns to work the new system, which could take years. The authors conclude that companies should focus on cultivating talent from within and do everything possible to retain the stars they create. The objective is to discover the limitations of hiring talented outsiders and become familiar with effective strategies for developing internal talent.

Teaching Smart People How to Learn
Competitive success depends on learning, but most people, including professionals in leadership positions, are not very good at it. Learning is a function of how people reason about their own behavior. Yet most people engage in defensive reasoning when confronted with problems. They blame others and avoid examining critically the way they have contributed to problems. Companies need to make managers' and employees' reasoning patterns a focus of continuous improvement efforts.

Tektronix, Inc: Global ERP Implementation

Reviews Tektronix's implementation of an Enterprise Resource Planning (ERP) solution in all three of its global business divisions. This case tells the story of three implementations, each with its own character and requirements. Tektronix managers needed to synchronize the requirements of each division with the company's overall need to standardize business practices and its desire to adhere to a common business model across the enterprise. Details the difficulty of major business change in a mature business and technical environment.

Virginia Mason Medical Center

In 2000, Dr. Gary Kaplan became CEO of the Virginia Mason Medical Center in Seattle, Washington. The hospital was facing significant challenges: It was losing money for the first time in its history, staff morale had plummeted, and area hospitals presented ardent competition. Considerable change was imminent. Within his first few months, Kaplan had rallied the organization around a new strategic direction: to become the quality leader in health care. What Kaplan and his administrators lacked was an effective tool to execute their strategy. Soon thereafter, a series of serendipitous events led to the discovery of the Toyota production system, and the Virginia Mason Medical Center became entrenched in an overwhelming challenge: how to institute a production model in health care