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.
TEXT

2. HBS Digital Case Packet. Available at the Professional Book Store, NYU. Order online from: http://www.bookstores.nyu.edu

Besides above, various business press articles and readings appropriate to the scheduled topics and cases will be distributed in class.

RECOMMENDED READING (Not in case/readings packet)
Beyond Reengineering: How the process-centered organization is changing our work and our lives, by Michael Hammer, Harper Collins,1996.

ASSIGNMENTS
Participants will be responsible for the following assignments:

Strategy Implementation Design Project. The purpose of the team project is to learn how to analyze a real organization in depth on a specific theme of your choice. Please form teams of three. 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, and critique. You are free to choose a theme that you like to address. Some sample themes are:

- Hiring and firing dynamics: How to do it right
- The dilemmas of centralization: Its costs and benefits
- Organizing for innovation: What works and why
- Technologies: How they help and hurt companies
- The art of integration after acquisition: Soaring successes and sorry failures
- Empowerment: What happens when managers follow and workers lead.
- Talent Retention: Which techniques work best

The report should be an analysis of around 10 pages of text, your choice of font/size/spacing, plus attachments/exhibits. All data and description part of the report should be provided as attachments and exhibits at the end of the report. 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 and any course correction needed, by the second session.

Case Journal: To ensure that your case preparation effort is proportionately recognized and rewarded, please keep a journal of your case preparation notes - reactions, responses, to at least
one or two of the discussion questions listed along with the cases in the syllabus or your general impressions of the case.

- Approx half a page to one page per case is adequate. There is no penalty if you write more but don’t make it a thesis!
- Make sure you fold into your case journal points from readings that are relevant to understanding what is happening in the case. If you believe brevity is the soul of wit, bullet points are fine too.
- Do mention any valuable points you made during class discussion of each case. Thus the case journal includes your case preparation AND your reflection on the case after the class discussion.
- Thus each case journal entry has two parts: a preparation part and a reflection part.
- For video or multimedia cases, you will have only the reflection part since there is nothing to prepare ahead for these cases.
- The journal will go toward your class preparation and contribution part of your grade and help track the consistency of your effort at class preparation and help you cross over the often hairline distinctions between a B and B+, B+ and A- and so on. For class discussions and written assignments including the journals, you will be expected to draw from all of the relevant readings, and class discussions to date.
- Any time you wish, I will be happy to give you midstream feedback on your journal

Attendance
As the bulk of the learning occurs in class through a spirited interchange of points and counterpoints between participants, attendance is required and counts toward the class contribution grade.

Grading Plan & Due Dates: Your course grades will be based on the following components and approximate weights:

- Class Preparation & Contribution (individual) 30%  (Case Journal due session 11: 6/24)
- Team Project Report (group) 50%  (Decks due session 12: 6/26)
- Take Home Final Assignment (individual) 20%  (Qs given out session 9. Reports due: 6/30)

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 that I live only a mouse click away from your PC!
Schedule of Assignments

NOTE: One or two teams will be assigned a class case ahead and invited to lead the discussion on that case. Each team will be asked to prepare a few key slides and present their analysis of the case in class. These are to help the learning process along and are not graded.

Theme: Basics of Implementation

1 5/15

Introduction
Case: Boston Lyric Opera
Reading: The Balanced Score Card

Case: Boston Lyric Opera
Discussion 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: Form teams of three members who research their individual companies on a common implementation issue. See sample projects posted.

Recommended Readings


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

2 5/20

Background reading: Text: Read chapters 1, 4 & 5
Case: Tektronix, Inc: Global ERP Implementation
Discussion 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?

**Reading: Enterprise Resource Planning, Technology Note**

**Reading: Note on Implementing Strategy**

**Theme: Systems Approach to Implementation**

3 5/22

Back ground reading: **Text:** Read chapters 6, 7 & 8. Browse through chapters 1, 2 & 3.

**Reading: Decoding the DNA of the Toyota Production System**

**Reading: Designing organizations that are built to change**

**Case: Deaconess-Glover Hospital**

**Discussion Questions**

This case describes the work of John Carter to understand the processes by which the hospital meets the needs of its patients. The idea here is to test the efficacy of applying the Toyota Production System Rules-in-Use to improve those processes on the multiple dimensions of quality, cost, flexibility, time, and safety. From what you have read in this case and insights gained from the reading “Decoding the DNA of the Toyota Production System”, please answer the following questions:

1. What has Carter been doing and why at Deaconess-Glover Hospital?
2. What problems has he discovered?
3. What solutions do you think he will propose to John Dalton, president of the hospital, and to Julie Bonenfant, the hospital’s vice president?
4. Develop an **actionable plan** to implement your solutions.

4 5/29

**Case: IBM - Make It Your Business (A)**

Also, scan this case: The Transformation of IBM

**Discussion Questions**

1. What is IBM’s new strategy?
2. Scan the transformation of IBM case. What is the role of measurement in transforming IBM (see especially discussion by George Conrades and John Thompson)?
3. Identify the three most important variables that IBM must monitor to ensure the successful implementation of its new strategy.
4. How would you measure these “critical performance variables”?
5. Prepare detailed recommendations for changing the Sales Plan and Quota System.
Theme: How do you implement innovation strategies?

5 6/3
Case: Back Bay Battery: Innovation Simulation

Read: Introduction to the Back Bay Battery simulation. This note is posted on BB. This is a computer simulation exercise. Bring a flash player-ready laptop, preferably a windows system.
Also, you will need to pay approx twelve dollars separately and buy permission to play the simulation. More details in class.
For your case journal, make it a ‘reflection’ journal entry as there is nothing to prepare ahead.
The simulation is designed to understand the impact of an emerging, disruptive technology to the real-world context in which managers must make decisions about investing in innovative technologies under conditions of certainty. It presents the participants with the challenges associated with making investment choices in both mature and emerging technologies under highly constraining industry and market conditions.

Reading: Connect and Develop: Inside P&G’s new model for innovation
Reading: The 12 different ways for companies to innovate

Recommended Readings
The Individualized Corporation. See especially chapters 6 and 8.
The myth of the generic manager, California Management Review.

6 6/5
Video Case: Partnering to Enter New Markets
Reading: Collaborative Advantage: The art of alliances
I will bring the case and do it in class. For your case journal, make it a ‘reflection’ journal entry as there is no case to prepare ahead.

Time out for Design project: 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 informally brief the class on their individual company choices and the theme for their project.

Deliverable: One or two slides per team, outlining the project topic and scope.
Theme: Implementing Innovation on a Global Stage

Case: P&G Japan: The SK-II Globalization Project

Discussion Questions
1. As Paolpo Cesare, what factors do you need to consider before deciding what to recommend in your SK-II presentation to the global leadership team (GLT)? What kind of analysis will you need to do in preparing for that meeting?
2. Does SK-II have the potential to become a global brand within Procter & Gamble’s operations worldwide? Why or why not?
3. Which of the three market options should Paolo recommend to the GLT? What benefits do you expect to gain? What risks do you see?
4. How should he implement your recommended option? What are the implications for P&G’s new post-2005 organization? What support and/or resistance do you expect? How will you manage it?

Recommended Readings
Tap your subsidiaries for global reach, Christopher Bartlett and Sumantra Ghoshal, HBR, 64, Nov-Dec 1986, pp.87-94.
Building effective R&D capabilities abroad, Walter Kuemmerle, HBR, March1, 1997, pp. 61-70

Theme: Implementation Issues in Global Team Design

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

Discussion 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. As Greg’s consultant, what do you advise him to do in the short run and the long run?

Theme: Implementation Issues in Complex Systems

Reading: Facing Ambiguous Threats
Reading: System Dynamics Modeling: Tools for Learning in a Complex World
Multi Media Case: Columbia's Final Mission
Discussion Questions
TBA. Role Play done in class. No need to prepare ahead. Just read up the case.

Recommended Readings

Theme: People Issues in Implementation-
Individual, the ultimate differentiator vs Culture, the ultimate integrator

6/17
Reading: Saying it like it isn’t: The pros and cons of 360-degree feedback
Reading: Conducting a Performance Appraisal Interview
Reading: Making Partner: A Mentor's Guide to the Psychological Journey
Reading: Teaching Smart People How to Learn

Recommended Readings
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.

Case: Developing Professionals -The BCG Way (A)

Discussion Questions
1. Each of you will be assigned two roles. Please come to class prepared to engage in meetings in which you assume these roles. As you prepare for these meetings, you may consider:
   a. What do you want to achieve from the meeting?
   b. What do you think will be your advisor’s/advisee’s perspective?
   c. How would you like the meeting to proceed?
2. What should Josh Coppersmith, Eric Wong, Michael Nelson, or Madeline Lagarde have done differently during their first 18 months at BCG? What should their mentors have
done differently?
1. Evaluate BCG’s career development and mentorship processes. What are their strengths and weaknesses?
2. What ways would you recommend to make mentorship effective? What are some of the challenges that make mentorship ineffective?

**Recommended Readings**


10 6/19

**Case: Citibank - Performance Evaluation**

**Discussion Questions**
1. Why has Citibank introduced a performance scorecard?
2. If you were Lisa Johnson, how would you evaluate James’s performance?
3. What are the pros and cons of using a performance score card to evaluate and reward performance?
4. What are the characteristics of a good measure?

How do you get evaluated at work? If at all possible, please bring to class a template of your evaluation instrument or an approximation of it. We will use the Citibank case to discuss how best to come up with a ‘perfect’ instrument to evaluate employees.

11 6/24

**Case: Work Patterns at Ditto (A)**

**Discussion Questions**
1. What are the tradeoffs Max is making? The tradeoffs Laura is making? Would you want to be either one of them? Do you worry about being either one of them?
2. Are the long and unpredictable work hours maximizing the group’s effectiveness?
3. Should anything be changed? If so, what? Whose responsibility is it to make any desired changes?

**Recommended Readings**

*Radical change, the quiet way* by Debra Meyerson, HBR, October 2001:92-100.


*Tempered Radicals*: How people use difference to inspire change at work. Debra Meyerson,

Design Project: Team Presentations
Note to presenting teams: Bring hardcopies of deck to class; Also, upload to BB.

DUE: Case Reflection Journal, hard copy due. Also upload to BB.

12 6/26
Design Project: Team Presentations (contd.)
Note to presenting teams: Bring hardcopies of deck to class; Also, upload to BB.

Course Review. Take Home Finals posted on session 9; E-due: 6/30.
ABSTRACTS OF CASES AND READINGS (in alphabetical order)

**Back Bay Battery: Innovation Simulation**

This online simulation allows students to play the role of a business unit manager at Back Bay Battery Company who faces the dilemma of balancing a portfolio of investment strategies across products in the rechargeable battery space. Players have to manage R&D investment tradeoffs between sustaining investment in the unit's existing battery business versus investing in a new, potentially disruptive battery technology. The student must also decide which market opportunities to pursue, each of which offers the student varying levels of market intelligence and differing short- and long-term payoff prospects. Students manage the investment portfolios over eight simulated years. Throughout the simulation the student is forced to address a number of challenges including timing and level of investment across both mature and new businesses, choices regarding market opportunities and inherent product performance characteristics, requirements to meet constraining financial objectives and constant trade-offs between investment options, all in the context of uncertain market information.

Executing an innovation strategy is quite challenging as it rises many issues: 1. Best opportunities for new products are not visible early on. New applications can appear unattractive, but often represent best long-term opportunity. 2. Timing and level of R&D spending is difficult to gauge. 3. Assessing emerging market opportunities is difficult using standard approaches. 4. Balancing dual requirements for simultaneously investing in core business and innovation is challenging. 5. Constraining financial criteria and an organization's impatience for growth can make innovation difficult.

**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.

**Citibank: Performance Evaluation**

Citibank has introduced a new, comprehensive performance-scorecard system. A regional president struggles with a tough decision: how to evaluate an outstanding branch manager who has scored poorly on an important customer satisfaction measure. This case provides a scoring sheet to be completed by the reader and an explanation of the ramifications of the decision for the business's strategy.
Columbia's Final Mission

Describes the 16-day final mission of the space shuttle Columbia in January 2003 in which seven astronauts died. Includes background on NASA and the creation of the human space flight program, including the 1970 Apollo 13 crisis and 1986 Challenger disaster. Examines NASA's organizational culture, leadership, and the influences on the investigation of and response to foam shedding from the external fuel tank during shuttle launch.

Deaconess-Glover Hospital (A)

Chronicles the initial efforts to teach a health care organization to manage itself according to the principles of the Toyota Production System (TPS). Describes the decision and dilemmas that arose from the implementation experiment. Builds on Bowen and Spear's earlier research in industrial settings. They found that TPS is an integrated approach to designing, doing, and improving the work of individual people and of groups of people working collaboratively to produce and deliver goods, services, and information. The Deaconess-Glover Hospital project tested the efficacy of the TPS in a nonindustrial setting (i.e., health care) and also offered insight into how to convert an organization, managed by its existing management system to one managed by TPS principles. This case provides background on Deaconess-Glover Hospital and on the TPS teacher, John Kenagy. Describes how Kenagy observed the work at the hospital to understand the system. Given how Kenagy gathered data and based on what he directly observed, what should he recommend to managers about their next step?

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.

Developing Professionals - The BCG Way (A)
This case provides a brief history of Boston Consulting Group (BCG) and the firm's approach to development and mentorship of its consultants. It also discusses the challenges facing three consultants who are nearing the two-year mark of working at BCG.

**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.

**IBM: Make It Your Business (A)**

In 1987, IBM changed its strategy in an attempt to become a market-driven company rather than a product-driven company. The case begins with a description of the new strategy and the reasons for the change and then describes the top-down sales planning and quota system in use under the old strategy. Concludes with a discussion of the reasons why the new strategy cannot be implemented
without changing the sales planning and quota systems. The challenge for students is to design new systems to support IBM's market-driven strategy.

**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.

**P&G Japan: The SK-II Globalization Project**

This case traces changes in P&G's international strategy and structure, culminating in Organization 2005, a reorganization that places strategic emphasis on product innovation rather than geographic expansion and shifts power from local subsidiary to global business management. In the context of these changes introduced by Durk Jager, P&G's new CEO, Paolo de Cesare is transferred to Japan, where he takes over the recently turned-around beauty care business. Within the familiar Max Factor portfolio he inherits is SK-II, a fast-growing, highly profitable skin care product developed in Japan. Priced at over $100 a bottle, this is not a typical P&G product, but its successful introduction in Taiwan and Hong Kong has de Cesare thinking the brand has global potential. As the case closes, he is questioning whether he should take a proposal to the beauty care global business unit to expand into Mainland China and/or Europe. This case helps us understand the role of MNC's global network not only as providing access to markets but as sources of innovation--and to study this in
the broader context of the links between global strategy and organization.

**Partnering to Enter New Markets**

It took nerve for one-man band IVI Publishing to call Mayo Clinic to propose an alliance with the giant down the block. And it took flexibility for Mayo to trust an unproven, barely solvent partner. But IVI Publishing offered a new way for Mayo to meet the growing public demand for accurate, quality information: CD-ROMs. Once work began, the clash of cultures was nearly fatal. Provides practical information about how to implement and manage a difficult partnership. Also, shows how two corporate cultures can learn and profit from diversity.

**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.

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

**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.
Work Patterns at Ditto (A) – The PEARL Project

Describes life on a product development team, the behaviors that are rewarded, and the difficult tradeoffs members often have to make as a result.