

Is CB, Inc. Designed for Strategic Growth?

A Case Study for Organization Design Readiness

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A Capstone Paper in fulfillment of the requirements for the degree of Doctor of Education in Leadership and Learning in Organizations at the Peabody College of Vanderbilt University in Nashville, Tennessee

July 2021

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At the request of my partner organization and their parent company, both the parent company and partner organization names have been kept anonymous. Throughout this paper the partner organization will be referred to as Company B, Inc. or CB, Inc. and the parent company will be referred to as parent company or parent.

## Acknowledgements

I expected this final section of my project to be the easiest. As I write, I find it extremely difficult because I am greatly indebted and thankful to so many who have supported and encouraged me to finally make it to this momentous point in my life. While I am appreciative of so many, I am saddened my beautiful mother passed away five months shy of me completing this great accomplishment. I know she is not physically here to witness but I know she is with me in spirit and very proud I persevered through. Mom, thank you for your encouragement and support through my entire life. You made me who I am today and the better someone I will be tomorrow. I love you and miss you terribly.

Dr. Erin Henrick, thank you for being the best capstone advisor!! I greatly appreciate your guidance, patience, support, and all the business questions asked that helped make my writing clearer and project stronger. Thank you for reaching out to Dr. Chris Quinn-Trank for guidance and input on my initial draft.

Dr. Quinn-Trank, thank you for your initial project design input and valuable feedback on my draft. Without your input I might still be struggling to determine how to frame my problem of practice and strengthen my recommendations.

My Cohort 4 peeps! I told you from the start my mantra to get through this program was “Hold my beer and watch this”. Guess what? WE DID IT!!! A special thanks to Sacha for the texts of encouragement we’d make it through each class, the after hour study sessions, and the periodic venting sessions. Bana, Emily, Josh, Katie, Gina, Jim, Alex, and so many others – it was great to work with you on many projects, study together, and laugh together along the way.

Thank you to Dr. David Duncan, a great mentor and supporter. Without your encouragement and support I may not have taken the leap to obtain my doctorate. I greatly appreciate your guidance, advisement, and always being available to listen when needed.

Thank you to my partner organization for allowing me to learn more about your organization. Thank you to Dr. Scott Miller and Kaye Allen for being responsive to all of my requests, your input and guidance were invaluable. And thank you to all of the participants in my study.

Finally, I owe the greatest amount of appreciation to my husband Wayne. Thank you for taking care of me throughout this journey. Thank you for your love, encouragement, and your patience. Thank you for all the meals cooked, candy bought, and adult beverages served. Thank you for all of the sacrifices you made for me and your support when I had to make sacrifices to focus on school work. I love you. Now you get my full attention again!! To our sons, Kristofer and Nicolas, thank you for making me proud every day of you. Thank you for your love and support along this journey.

And finally, thank you to my work colleagues, my A Dock family, and lake friends. Your support and encouragement kept me going.

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## EXECUTIVE SUMMARY

This capstone project focused on determining Company B, Inc.'s (CB, Inc.), a newly formed for-profit subsidiary, readiness to design their organization to create value and meet their and the parent company's strategic growth goals to grow revenue and diversify customer base. Established in January 2019, as a wholly-owned subsidiary to pursue one large business opportunity, CB, Inc. is a professional services organization with a mission to advance national priorities and serve the public interest by integrating academic, government, and scientific resources globally.

The study addressed two questions: 1) What is the parent company's vision for and expectations of CB, Inc. and how do they view their governance and support role for the newly developed corporate subsidiary? 2) Is CB, Inc. currently designed to meet their and the parent company's strategic growth goals? Are they ready for an organizational design?

To support this study a literature review was conducted looking into the areas of corporate subsidiary growth, the level of support needed from the parent company to be successful, how subsidiaries can use entrepreneurial orientation to create core competencies and develop competitive advantage, a review of multiple organization design frameworks, and how organizational design can be used to develop effective business strategies to meeting an organization's growth goals. Partnering with CB, Inc. leadership, initial steps of an organizational design process were conducted following the selected Star Model™ (Star Model) organization design decision making framework as detailed in Kates and Galbraith's (2007) book "*Designing Your Organization: Using the Star Model to Solve 5 Critical Design Challenges*".

Data sources for the study included CB, Inc. organizational data, semi-structured interviews, a facilitated brainstorming session, the Star Model organization design decision

tools, and developed design criteria. This study resulted in four key findings. Findings 1-3 addressed Study Question (SQ) 1, finding 4 address SQ2.

***SQ1: What is the parent company's vision for and expectations of CB, Inc. and how do they view their governance and support role for the newly developed corporate subsidiary?***

- **Finding 1 Vision:** As a for-profit subsidiary, the parent company views CB, Inc. as a tool to accomplish business growth through creation of mentor protégé/joint ventures with small businesses and pursuit of opportunities the parent company cannot as a large, non-profit business.
- **Finding 2 Expectations:** The parent company expects CB, Inc. to create business opportunities which increase revenue, and complement (not compete) with the parent company, possibly by providing lower cost services. They expect CB, Inc. to be entrepreneurial while maintaining compliance, growing diversified revenue, and providing opportunities for parent company employees.
- **Finding 3 Governance & Support:** The parent company views their governance and support role as providing board oversight but maintaining an arm's length relationship with CB, Inc. They know for CB, Inc. to be successful commitment and support from the parent will be required. Commitment and support involves the parent providing the initial startup investment funds and allowing CB, Inc. access to parent company resources. No other forms of support were suggested.

***SQ2: Is CB, Inc. currently designed to meet their and the parent company's strategic growth goals? Are they ready for an organization design?***

- **Finding 4 Organization Design:** The assessment of CB, Inc.'s current organization design following the Star Model framework found CB, Inc. is not currently designed to meet their strategic growth goals and there is uncertainty on how CB, Inc. can best be integrated with the parent company in order to meet those goals. Further, CB, Inc. is not currently ready to complete the organization design process.

The results from the findings is summarized into four distinct recommendations. The recommendations are tiered meaning recommendation 1 will need to be completed before completing recommendation 2 or 3. Should CB, Inc. chose not to complete recommendations 1 through 3, recommendation 4 should be considered.

- **Recommendation 1:** CB, Inc. should take efforts to determine how they can best integrate themselves with the parent company and be designed to meet their organization growth goals. CB, Inc. should stall further efforts to design the organization for strategic growth until the parent company completes an organization design that establishes clear business lanes and market segments between the parent company business units and CB, Inc. Since the parent company views CB, Inc. as a

tool to accomplish business growth and expects CB, Inc. to create, document, and communicate a defined strategy focused on growing a diversified revenue base, these clear lanes must be established. This recommendation will need to be completed before CB, Inc. can be successfully designed for strategic growth.

- **Recommendation 2:** Once recommendation 1 has been completed and CB, Inc. leadership understands how they can be integrated with the parent company, CB, Inc. should take action to define their strategy and complete the organization design process. Further, the newly defined strategic goals, measures, and milestones should be documented for future success evaluation.
- **Recommendation 3:** Once a CB, Inc. business strategy has been developed and an organization design conducted, CB, Inc. leadership should develop a phased-approached transformation roadmap for implementing an innovative organization. The transformation roadmap should use the findings of this project as foundation to support and finalize the development of the implementation plan. Of note, without adequate financial and human resources, recommendation 3 will be difficult or impossible to complete.
- **Recommendation 4:** If CB, Inc. and the parent company choose not to dedicate adequate human and financial resources to support strategy design, organization design implementation, and strategy execution, CB, Inc. leadership and board members should recommend to the parent company that CB, Inc. be dissolved.

Research is clear that organization design is a cornerstone of a firm's competitive advantage and performance. Even the most cunning strategy will not reach its potential if an organization's structure, processes, and systems do not support it (Worley, & Lawler, 2010). I am hopeful the findings and recommendations shared here will support CB, Inc. and the parent company in their efforts towards defining strategy to complete the organization design and implementation process.



## **Introduction**

Established in January 2019, as a wholly-owned subsidiary to pursue one large business opportunity, CB, Inc. is a professional services organization with a mission to advance national priorities and serve the public interest by integrating academic, government, and scientific resources globally. Corporate subsidiaries are created by entrepreneurial organizations keen to embrace a market opportunity and typically grow faster in terms of revenue (Bruneel, Van de Velde, & Clarysse, 2013). CB, Inc. is a for-profit corporate subsidiary of a nonprofit professional services parent company. CB, Inc. is located with the parent company in Tennessee and is supported by a President, corporate secretary, and small board of directors. CB, Inc. is the only subsidiary the parent company has established in its 75-year history.

As a corporate subsidiary, CB, Inc. is a separate legal entity, with business services concentrated around capabilities originally developed at the parent company (Bruneel, Van de Velde, & Clarysse, 2013). CB, Inc. has its own financial records, bank accounts, assets, and liabilities. Although the CB, Inc. parent company provides high level oversight and guidance, CB, Inc. is an autonomous organization with the purpose to develop and market new services building upon the parent companies past performance and expertise.

The primary purpose for CB, Inc. as a corporate subsidiary is to expand the options for the parent company related to business and financial growth. With their limited resources, CB, Inc. would like to know how they can best design the organization to create value and to meet their and the parent company's strategic growth goals.

## **Organizational Context**

Prior to CB, Inc. being established, the parent company spent 2017 and 2018 creating a new 10-year strategic plan with a primary focus on contract diversification and financial

growth. In order to meet these strategic growth goals, the parent company invested in business development resources to help identify new contract opportunities as well as identify other avenues for business growth such as acquiring another company or creating a mentor protégé/joint relationship to better position themselves for more opportunities.

In early December 2018, the CB, Inc. parent company business development team identified a large technical services contracting opportunity that aligned with the parent company's core capabilities. Unfortunately, the opportunity was coded by the federal contracting agency as a small business set aside which only allows companies registered as small businesses to bid. In order to pursue this opportunity, the parent company had to team with a small business in a very short time period because the proposal was due on January 21, 2019. The parent company quickly engaged with a small business who agreed to form a mentor protégé/joint venture relationship in order to pursue the large opportunity. To form a mentor protégé/joint venture relationship with the small business, the Small Business Administration federal requirements required the non-profit parent company establish a for profit subsidiary.

CB, Inc. was chartered as a for-profit subsidiary of the parent company on January 2, 2019. Just prior to finalizing the CB, Inc. charter, the United States Federal Government shutdown between December 22, 2018 and January 25, 2019. This government shutdown meant CB, Inc. and the small business could not submit and have processed by the Small Business Administration the required mentor protégé/joint venture paperwork prior to the January 21, 2019 proposal due date. A decision was made by the CB, Inc. parent company executive leadership and the small business to not bid on the opportunity as a joint venture team.

Although CB, Inc. was unable to pursue this business opportunity a decision was made in March 2019 by the parent company executive leadership and the CB, Inc. board of directors to not dissolve the for-profit subsidiary. They would keep CB, Inc. as another avenue for strategic business growth. Development of a corporate subsidiary is one of several ways a company can gain strategic renewal and revitalize the parent company to improve financial performance (Holloman, Klieb, & Collins, 2013). Since March 2019, CB, Inc. has engaged in minimal business activities that would support the parent company's strategic growth goals.

### **Problem of Practice**

As an opportunity subsidiary meant to expand options for the parent company related to business and financial growth, CB, Inc. would like to know how they can best design the organization to create value and to meet their and the parent company's strategic growth goals. Organization design is a cornerstone of a firm's competitive advantage and performance. Even the most cunning strategy will not reach its potential if an organization's structure, processes, and systems do not support it (Worley & Lawler, 2010). Following an organizational design process will help CB, Inc. configure structures, processes, reward systems, and people practices to create an effective organization capable of achieving their defined business strategy (Kates & Galbraith, 2007).

Unfortunately, since early 2019, due to competing parent company priorities, CB, Inc. leadership reported little attention has been given to CB, Inc. and using it as a means for pursuing business opportunities. As a result, CB, Inc. leadership, who are employees of the parent company, have not been able to dedicate adequate time or resources to establish CB, Inc. strategic goals, conduct a market analysis, finalize a business plan, or other actions to design the organization.

The initial purpose of this capstone was to help CB, Inc. determine how they can best design the organization to create value and to meet their and the parent company's strategic growth goals. A limitation was identified early in the data collection process requiring the problem of practice to be modified. The limitation identified through document analysis and discussions with CB, Inc.'s leadership, found CB, Inc.'s parent company growth strategy and market segments were unclear between parent company business units and CB, Inc., making it difficult to determine where CB, Inc. could best play a role. This limited CB, Inc.'s ability to define a clear strategy for the subsidiary organization. This along with parent company competing priorities continued to impact the ability of the CB, Inc. president to dedicate adequate time to define strategy and plan for execution. In established companies, the introduction of a new business model may require transforming the present structure and managing tensions between constituencies in different parts of the company (Leih, Linden, & Teece, 2015).

As a result of this project limitation, the problem of practice was adjusted to focus on determining CB, Inc.'s readiness to design their organization in order to create value and meet their and the parent company's strategic growth goals to grow revenue and diversify customer base. The findings and recommendations of this study can be used by CB, Inc. leadership and the parent company to determine next steps the organization should make toward their and the parent company strategic growth goals.

### **Literature Review**

In order to determine CB, Inc.'s readiness for organization design and ability to create value and meet their strategic growth goals, it was important to understand prior research. The following addresses what is known in literature about corporate subsidiary growth, parent company support, how subsidiaries can use entrepreneurial orientation to create core

competencies and develop competitive advantage, a review of multiple organizational design frameworks, and how organizational design can be used to develop effective business strategies to meet the organizations growth goals.

### Corporate Subsidiary Growth

Subsidiaries are created to undertake initiatives that advance a new way for the parent company to use or expand its resources (Ambos & Birkinshaw, 2010). The successful creation of an innovative new corporate subsidiary is a challenging endeavor typically resulting from a lack of resources, entrepreneur human capital, and cognitive factors such as optimistic overconfidence (Townsend, Busenitz, & Arthurs, 2008). Most successful companies are able to refine their current offerings; however, they falter when it comes to pioneering radically new products and services (O'Reilly & Tushman, 2004).

Corporate subsidiaries are founded for different reasons, but generally occur to advance the parent companies interests (Semadeni & Cannella, 2011). Those reasons at start-up influence its value creation and strategy for building growth. Corporate subsidiary growth requires a corporate entrepreneurship strategy which is made up of three internal elements: an entrepreneurial strategic vision, a pro-entrepreneurship organizational architecture, and entrepreneurial processes and behaviors (Krieser, Kuratko, Covin, Ireland, & Hornsby, 2021). Entrepreneurial activity must be integrated into an organization's overall strategy and the internal environment of the organization must be conducive to the initiation and sustainment of innovation-inducing strategies (Morris et al., 2011, as cited by Krieser, Kuratko, Covin, Ireland, & Hornsby, 2021).

### Parent Company Support

Subsidiaries inherit tacit knowledge from the parent company in the form of entrepreneurial orientation behaviors (innovative, proactive, and risk-taking) that will be embodied in the subsidiaries strategic management to establish new firm resources, promote new organizational practices, and enhance its re-engineering processes that may build core competencies and effect performance (Holloman, Klieb, & Collins, 2013). Having access to the parent company's complementary resources are highly beneficial to new subsidiary development (Parhankangas & Arenius, 2003). Parent companies want to support subsidiary operations, transfer knowledge, ensure coordination, and limit disruptive behavior. However, subsidiaries tend to compete for parent company attention to acquire resources, to augment their services, while avoiding parent company intervention (Ambos & Birkinshaw, 2010).

Continued ownership and governance ties to the parent company have important implications to the newly formed corporate subsidiary firm's performance; however, when the parent company exerts undue influence over the subsidiary it can lead to a 'business as usual' mindset rather than allowing the subsidiaries the autonomy and motivation to pursue its own course (Semadeni & Cannella, 2011). Ambos & Birkinshaw (2010) found subsidiaries which have a high level of strategic choice and receive attention from the parent company perform better than their peers.

### Entrepreneurial Orientation

Entrepreneurial managers are responsible for recognizing the need for business model change, for adjusting or inventing business models, for orchestrating the necessary assets, and for (re)designing the organization when needed (Leih, Linden, & Teece, 2015).

Entrepreneurial orientation is strategic capturing of an organization's strategy-making practices, managerial philosophies, and firm behaviors characterized by innovativeness, risk-taking, proactiveness, and competitive aggressiveness and autonomy (Boso, Story, &

Cadogan, 2013). Research suggests entrepreneurial oriented organizations grow faster (Eshima & Anderson, 2017) and it is critical corporate subsidiaries develop their own effective business strategies to ensure firm performance (Lechner & Gudmundsson, 2014). Firms that fail to properly plan, manage and allocate resources will encounter difficulties with firm growth (Feldman & Klofsten, 2000).

Designing an organization to capture entrepreneurial orientation and build effective business strategies is a fundamental approach to realize innovations for organizational sustainability (Evans, Vladimirova, Holgado, Van Fossen, Yang, Silva, & Barlow, 2017). Business models, organizational design, and strategy are interdependent. It is top managements responsibility for strategy formulation (Leih, Linden, & Teece, 2015). Corporate entrepreneurship strategies are positively related to firm performance and have been shown to enhance outcomes such as innovation, growth, learning, and knowledge creation (Kreiser, Kuratko, Covin, Ireland, & Hornsby, 2021).

### Organization Design and Configuration Theory

The organizational leader has the responsibility to design and influence the structure, processes, rewards, and people practices of the organization in order to build these needed capabilities (Kates & Galbraith, 2007). Organization design is not about moving boxes on an organization chart, rather it is a systematic analysis of all parts of an organizations key operating systems (Lawler & Galbraith, 1994). Organizational design is about developing and implementing corporate strategy and corporate strategy consists of actions a company takes to gain competitive advantage (Bryan & Joyce, 2007).

The argument that organizing activities in ways that fit the implementation requirements of a business's strategy enhances performance (Vorhies & Morgan, 2003) is

based on configuration theory which premises the degree of fit among various environmental and organizational system elements is an important determinant of a firm's success (Doty et al. 1993; Hughes et al. 2007; Ketchen et al. 1993, as cited by Kreiser, Kuratko, Covin, Ireland, & Hornsby, 2021). Diving deeper, organization theory explains and understands the structure, behavior, and effectiveness of an organization while organization design helps us understand how the world could possibly work by designing organizations for increased effectiveness and efficiency (Burton & Obel, 2018).

Organizational design should include both structural and process characteristics which can represent a source of competitive advantage. The structural characteristics help differentiate an organization and determine how best to structure organizationally. The process characteristics define how the work flows within the organization to provide a horizontal view of activities (Hernaus, Aleksic, & Klindzic, 2013). Organizations who do not draft a precise, down-to-earth organizational design plan prior to setting up a business usually encounter major difficulty in fulfilling their objectives for growth and income (Calvo & Garcia, 2010). Following an organizational design process can help companies configure structures, processes, reward systems, and people practices to create an effective organization capable of achieving their defined business strategy (Kates & Galbraith, 2007).

### Organization Design Frameworks

Organization design business models are associated with helping organizations secure and expand competitive advantage (Johnson et al., 2008 as cited by Wirtz, Pistoia, Ullrich, & Göttel, 2016). Multiple organization design frameworks exist to guide organizations through the process. The success of any approach lies in making the design exercise logical and objective while ensuring it is scientific-based and forward-looking (Bruton & Obel, 2018).



Five organization design frameworks were reviewed to determine which framework would be used for this study. They included:

- **McKinsey's 7S Model:** The 7-S model posits that organizations are successful when they achieve an integrated harmony among three “hard” “S's” of strategy, structure, and systems, and four “soft” “S's” of skills, staff, style, and shared values. Kaplan (2005) described below and illustrated in Figure 1, the seven internal factors critical for effective strategy execution include:

1. *Strategy.* The positioning and actions taken by an enterprise, in response to or anticipation of changes in the external environment, intended to achieve competitive advantage.

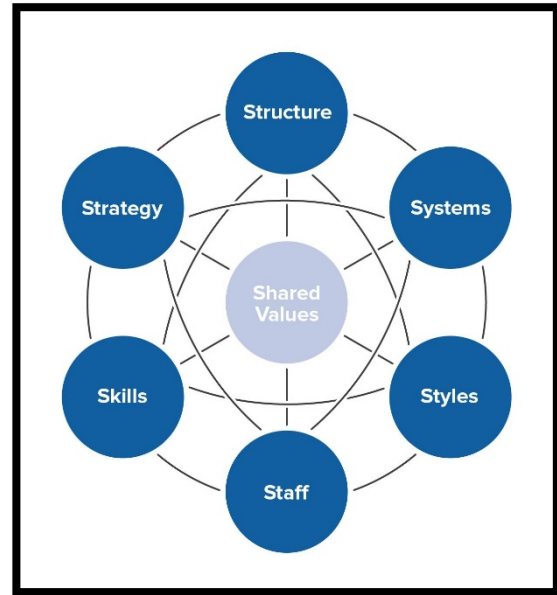


Figure 1. McKinsey's 7S Framework

2. *Structure.* The way in which tasks and people are specialized and divided, and authority is distributed; how activities and reporting relationships are grouped; the mechanisms by which activities in the organization are coordinated.

3. *Systems.* The formal and informal procedures used to manage the organization, including management control systems, performance measurement and reward systems, planning, budgeting and resource allocation systems, and management information systems.

4. *Staff.* The people, their backgrounds and competencies; how the organization recruits, selects, trains, socializes, manages the careers, and promotes employees.

5. *Skills.* The distinctive competencies of the organization; what it does best along dimensions such as people, management practices, processes, systems, technology, and customer relationships.

6. *Style/culture.* The leadership style of managers – how they spend their time, what they focus attention on, what questions they ask of employees, how they make decisions; also the organizational culture ( the dominant

values and beliefs, the norms, the conscious and unconscious symbolic acts taken by leaders (job titles, dress codes, executive dining rooms, corporate jets, informal meetings with employees).

7. Shared values. The core or fundamental set of values that are widely shared in the organization and serve as guiding principles of what is important; vision, mission, and values statements that provide a broad sense of purpose for all employees.

The limitations of this framework is there is no focus on the external environment, no feedback loops, and no performance variables.

- **Weisbord Six Box Framework:** This framework brings together

organization/environment, sociotechnical, and formal/informal systems concepts. It uses six broad categories to look at an organization. These include purposes, structure, relationships, rewards, leadership, and helpful mechanism (Weisbord, 1976). The framework, as illustrated in Figure 2, walks users through diagnostic questions for organizational

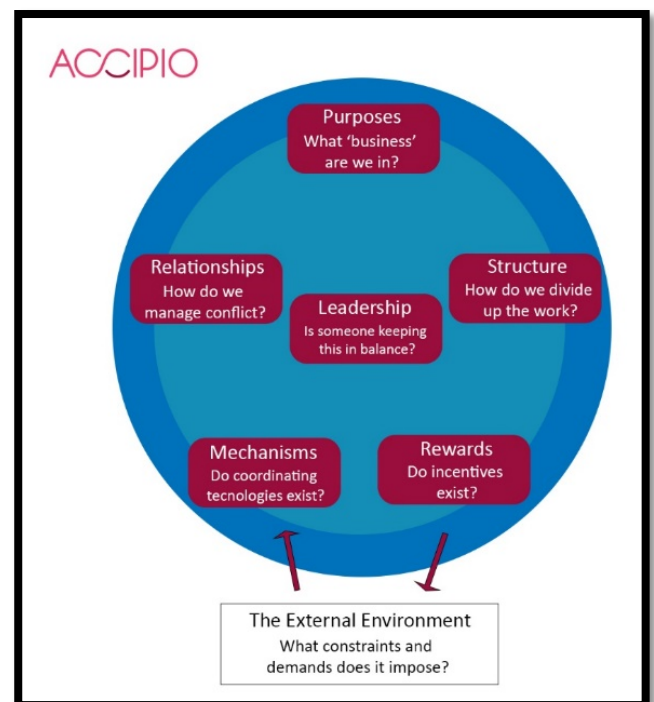


Figure 2. Weisbord Six Box Framework

improvement. Because of how this framework is structured it may be easy to overlook other important organizational elements.

- **Nadler-Tushman Congruence Model:** This general organizing framework

hypothesizes  
 “Other things  
 being equal, the  
 greater the total  
 degree of  
 congruence or  
 fit between the  
 various

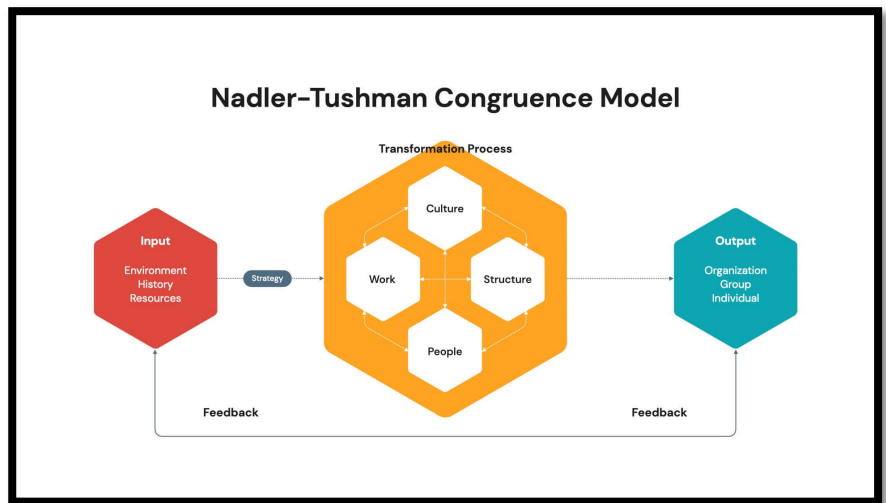


Figure 3. Nadler-Tushman Congruence Model

components, the more effective will be the organization – effectiveness being defined as the degree to which actual organization outputs at individual, group, and organizational levels are similar to expected outputs, as specified by strategy” (Nadler & Tushman, 1980). As illustrated in Figure 3, this congruence model is a good tool for identifying root causes of performance issues and determining how an organization might fix them. The simplicity of this model could lead to overlooking of crucial organizational design aspects.

- **Burke-Litwin Change Model:** Intended to be used as an organization development instrument, this model was designed to diagnose organizational effectiveness. The model predicts behavior and performance outcomes within a cause-effect paradigm, with cause being organizational conditions and effect

being results. The model guides both organizational diagnosis and planned, managed change. A benefit of this model is the emphasis on the importance of the external environment on the organization (Spangenberg & Theron, 2013). The Burke-Litwin Model was found to be very detailed and complicated to follow.

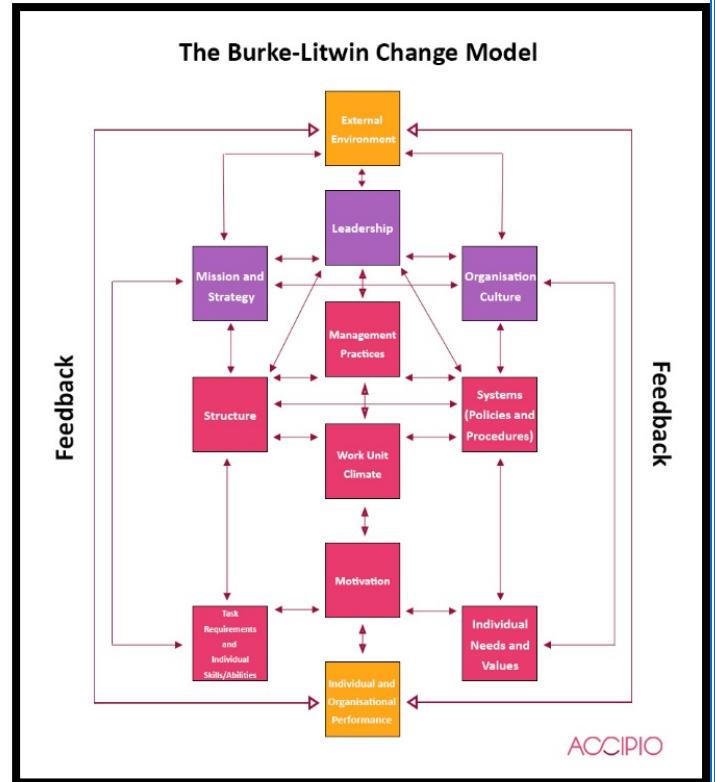


Figure 4. Burke-Litwin Model

- Star Model** : The Star Model is an organization design decision-making framework and starting point to help leaders think about the interaction of strategy, structure, processes, rewards, and people. The Star Model, as illustrated in Figure 5, confronts five critical

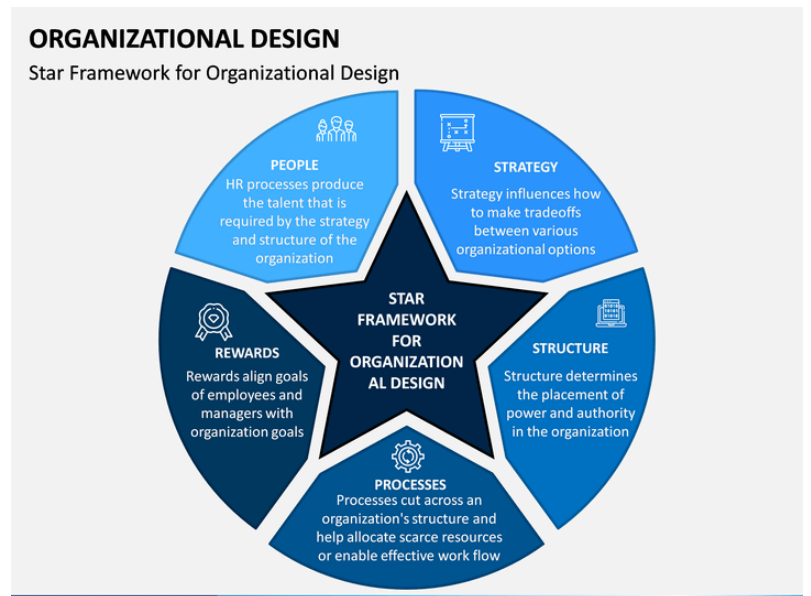


Figure 5. Star Model

organizational design decisions which include designing around the customer, organizing globally, making a matrix work, making decisions about what to centralize and decentralize, and how to organize for innovation (Kates &

Galbraith, 2007). The quality of an organization design and its success after implementation is dependent on the quality of the design process (Visscher, Irene, Visscher-Voerman, 2010).

Each of the above models build on contingency perspective calling attention to the coherence among the organization design dimensions and include similar individual components. While frameworks may be more or less elaborate they have four basic steps in common. These include the analysis of the design problem, the design of a solution, the implementation of the solution, and the evaluation of the solution (Lang et al., 1978; Van Strien, 1997, as cited by Visscher, Irene, & Visscher-Voerman (2010). The key message is that the organization design practitioners should consider a broad range of organizational dimensions while paying close attention to their internal coherence and external fit (Turner, 2017). The Star Model framework was selected for this study because it walks the user through the complete organization design process focused on both internal and external environments.

The organizational design process will require CB, Inc. to make sound decisions early in the process and at critical junctures of the organization's life. Making sound decisions requires a theoretical framework that provides credence to one choice over another. Kates and Galbraith (2007) warn that following a piecemeal adoption of management practices or benchmarking and copying another company's structures and processes will have little impact on business performance and is not useful for organization design.

### **Conceptual Framework**

Partnering with CB, Inc. leadership, the initial stages of an organizational design process was conducted using the Star Model decision making framework as detailed in the Kates & Gabraith (2007) book "*Designing Your Organization Using the Star Model To Solve*

5 *Critical Design Challenges*”. According to Kates and Galbraith (2007), using a common framework for decision making provides a number of benefits such as:

- Providing a common language for debating options and articulating why one choice is better than another in objective, impersonal terms;
- Forcing design decisions be based on longer-term business strategy rather than more immediate demands of people and politics;
- Providing a clear rationale for the choices considered and an explanation of the implications of those choices as the basis for communication and successful change management;
- Allowing decision makers the ability to evaluate outcomes, understand root causes, and make the right adjustments during implementation.

The Star Model is based on contingency theory and complementary systems theory. Contingency theory prescribes the manner in which the organization is organized and functions must correspond to the nature of the environment it finds itself in (Lawrence & Lorsch, 1967, as cited by Dooley, 1997). These functions should be organized differently depending on certain external contingency factors. Complementary systems theory perspective takes into account performance effects of separate arrangements within the configurations and distinguishes among different design choices based on their interdependency with others (Turner, 2017).

As illustrated in Figure 5, the Star Model consists of five elements at the nodes of a pentagon and alignment is emphasized because the five elements must be consistent with each other and with organizational strategy (Turner, 2017). The more aligned each of these components are the better able CB, Inc. should be to achieving its goals. *Strategy* is the starting point of the star setting the organization’s direction, encompassing CB, Inc.’s mission

and vision, as well as short- and long-term goals (Beckman, 2009). CB, Inc.'s strategy will be the cornerstone of the organization design process. According to Kates & Galbraith (2007), identifying organizational capabilities is the first step to drawing a connection between the strategy and the form of the organization. The identified organizational capabilities will become the criteria against which all subsequent design decisions are judged (Kates & Galbraith, 2007).

The second component of the Star is *Structure*. Structure determines the location of the decision-making power (Beckman, 2009). It describes how the organization is organized, key roles, how the work is managed, and who has the power and authority. The structure (functional, product, geography, or customer) sends the message about what work is important and should support the strategy. If the structure does not support the strategy, CB, Inc. may find themselves working around a formidable obstacle (Kates & Galbraith, 2007). However, too much focus on structure can lead to ignoring the importance of the other elements of the design (Beckman, 2009).

*Processes*, the third star component, describes the flow of up and down and across the organization and include communication and information networks (Beckman, 2009). *Processes* are used to determine how decisions are made, work flows between roles, and what mechanisms are needed for collaboration. Well-designed processes speed decision making and bring the right people together to support the strategy (Kates & Galbraith, 2007).

The fourth component, *Rewards*, influence people to perform and are used to align individual behaviors and performance with the organization's goals (Beckman, 2009). According to Kates & Galbraith (2007), *Rewards* are focused on how behavior is shaped by the strategic goals and metrics used to assess progress for meeting those goals.

*People*, the fifth Star component, are the human resource management policies which influence and define the mindsets and skills of the employees (Beckman, 2009). The *People* component determines the skills needed and training required to develop staff in order for the organization to be successful (Kates & Galbraith, 2007).

### **Study Questions**

This project focused on two primary study questions modeled against the Star Model framework.

1. What is the parent company's vision for and expectations of CB, Inc. and how do they view their governance and support role for the newly developed corporate subsidiary?
2. Is CB, Inc. currently designed to meet their and the parent company's strategic goals? Are they ready for an organizational design?

### **Study Design**

This project used a qualitative design to explore and understand CB, Inc.'s readiness to design their organization in order to create value and meet their and the parent company's strategic goals to grow revenue and diversify their customer base. Participants in the study included the CB, Inc. President, corporate secretary, and CB, Inc.'s two board members; as well as, CB, Inc.'s parent company executives and a parent company business development manager. All participants were selected based on their involvement or influence on CB, Inc. corporate strategy.

### **Data Collection**

All data collected was used to provide historical context of CB, Inc., answer established study questions, and provide support into findings and recommendations (Table

- 1). The data collected included organizational documentation, semi-structured interviews, a



facilitated brainstorming focus group, completed sections from the Star Model organization design decision tools, and input from design criteria sessions.

Study Question	Data Collected
SQ 1	Interviews, Brainstorming Focus Group
SQ 2	Organizational documentation, Interviews, Brainstorming Focus Group, Star Model decision tools, Design Criteria Session

Table 1. Data Collection by Study Question

**Organizational Documentation.** CB, Inc. organizational documentation collected included incorporation documents, draft business plans, reports, financial documents, board of director meeting notes, a frequently asked question document providing context to the creation of CB, Inc., and routine discussions with the current CB, Inc. president. All data collected is considered business sensitive and has not been included for reference.

**Semi-Structured Interviews.** Seven semi-structured interviews were conducted. Interviewees were selected based on their involvement or influence on CB, Inc.’s corporate strategy. Interviewees included the CB, Inc. past President, current President, corporate secretary, a board member, as well as the parent company President/Chief Executive Officer who also sits on the CB, Inc. board, the parent company Business Development Vice President, and parent company division director Vice President. The interviews consisted of 15 questions (Appendix A) each rooted in the Star Model framework and aligned to each study question. The interviews were conducted separately via Zoom, recorded for transcription purposes, and lasted 45 minutes to an hour.

**Brainstorming Focus Group.** Following the interviews, a *Reimagining CB, Inc.* facilitated brainstorming focus group was administered with 11 participants. Participants included the CB, Inc.’s past President, current President, corporate secretary, as well as most

of the parent company's senior and executive leadership. The Vice President of Human Resources and the Vice President Chief Information Officer were unable to participate due to scheduling conflicts. Participants were selected based on their involvement or influence on CB, Inc.'s corporate strategy. XLeap, an online professional facilitation software, was used to capture, rank, and prioritize input from participants. Although the session was not audio-recorded, participants entered comments and feedback directly into the XLeap tool. A formal report from the XLeap tool captured all participant feedback, comments, and rankings (Appendix B). The facilitated session was used to gather further input into the parent company's vision and expectations for CB, Inc. in order to answer study question 1.

To set the stage for the session, participants were asked to imagine, "*You have been transported to the future. CB, Inc. is a mature, successful part of the parent company business portfolio. To what can you attribute CB, Inc.'s growth and success? Please be detailed. All ideas and aspects are on the table: consider structure, market, leadership actions, strategy, design, roles, partnerships, relationships, etc.*"

**Star Model organization design decision tools.** The Star Model design decision tools were completed by the CB, Inc. president (Appendix C). The decisions tools are used as a guide through the organization design process. The worksheets focused on:

- Strategic focus development-
  - Customer-Centric Strategy tool - this tool was used with CB, Inc. leadership to test how strong their case was for customer-centric strategy and how ready they are to take this type of strategy on.
  - Strategy Locator - this tool was used to determine the level of customer-centricity that CB, Inc. needs based on their customer strategy. The tool helps

clarify what type of customer-centric organization will need to be built.

- Business Portfolio Strategy tool - this tool was used with CB, Inc. leadership to analyze their business portfolio.
- Capabilities Assessment Development - working with CB, Inc.'s leadership the following tools were used to assess their capabilities.
  - Customer-Centric Capabilities
  - Innovation Capabilities
  - Matrix Capabilities
- Design Structural Options - working with CB, Inc.'s leadership advantages and disadvantages of each structural type were reviewed to identify the best structure for the organization.
  - By function - organized around major activity groups such as research and development, operations, marketing, finance, human resources.
  - By Product - Organized into product divisions, each with its own functional structure to support product lines
  - By Customer - Organized around major market segments such as client groups, industries, or population groups

**Design Criteria Sessions.** Two separate design criteria sessions were facilitated by me with the CB Inc.'s new president and a parent company business development professional. The first design criteria session covered reviewing and clarifying CB Inc.'s strategy and generating design principles and criteria. The second meeting focused on summarizing and prioritizing the design criteria developed in the previous session. The sessions were intended to develop organization design criteria that answered, "*In order to achieve our business strategy, CB, Inc. needs to be able to \_\_\_\_\_ better than the competition.*" These

sessions were not audio recorded. Detailed notes were taken during the sessions and all artifacts developed in the sessions were collected (Appendix D).

Data Analysis

The qualitative data analysis aimed to gain insight into the problem of practice and study questions.

**Organizational Documentation.** CB, Inc. organizational documentation was reviewed and synthesized to document how the organization mission, vision, and if strategic goals are described in internal written communications. Results from the document analysis provided input to answer study question 2 and called attention to multiple challenges impacting this organization design study.

**Interviews and Brainstorming Focus Group.** All interviews were recorded and transcribed verbatim using the Zoom transcription feature. The transcribed interview notes and facilitated brainstorming report (Appendix B) were uploaded to NVivo and coded based on the study questions developed around the organizational design process. The interview and brainstorming focus group feedback resulted in a library of 142 original codes summarized into 12 themes (Table 2).

Theme Names
Parent vision and expectation
Strategy development
Market Segments
Structure
Parent company support
CB, Inc. Inhibitors
Measuring/monitoring success
Parent company governance
Skills needed
CB, Inc. Discriminators
Competitors
Processes needed

Table 2. Thematic Codes

***Star Model organization design decision tools.*** Working closely with the CB, Inc. president, the Star Model design decision tool workbook was completed. The decision tools are grouped into four categories – Strategy, Capabilities Assessment, Design Options, and Implementation. Implementation was not completed as part of this study since a complete organization design process could not be completed as a result of CB, Inc. not having a defined strategy and the additional project limitations previously discussed. The completed Star Model design decision tool workbook was examined to assess where CB, Inc. stands on each of the five Star Model components. The results provided input into study question 2.

***Design Criteria Sessions.*** The two design criteria sessions resulted in the development of six initial design principles that were used to guide the development of 14 design criteria (Appendix D). The prioritized top 5 design criteria, current state of the organization, and actions needed to be addressed provided input into study question 2.

The results from the interviews, redesigning CB, Inc. brainstorming focus group session, the completed Star Model design decision tool worksheets, and the prioritized design criteria were compiled and triangulated in order to answer study question 2.

## **Limitations**

This study encountered a few limitations. One limitation to this project included the retirement of the original CB, Inc. President in October 2019 before data collection was completed. Although a new President was quickly appointed, time was required for the new President to learn the background of the organization as well be initiated into the project scope, data collected, and path forward.

As previously mentioned, another limitation identified early in the data collection process resulted in the problem of practice being modified. The limitation identified through

document analysis and discussions with CB, Inc.'s leadership, found CB, Inc.'s parent company growth strategy and market segments were unclear between parent company business units and CB, Inc., making it difficult to determine where CB, Inc. could best play a role. This limited CB, Inc.'s ability to define a clear strategy for the subsidiary organization. Additionally, parent company competing priorities continued to impact the ability of the CB, Inc. president to dedicate adequate time to define strategy and plan for execution.

## Findings

**Study Question 1:** What is the parent company's vision for and expectations of CB, Inc. and how do they view their governance and support role for the newly developed corporate subsidiary?

### Finding 1: Vision

Results derived from qualitative coding from the interview questions and brainstorming focus group session found there was a shared vision for CB, Inc. All participants viewed CB, Inc. as a tool to accomplish business growth, particularly through the creation of mentor protégé/joint venture partnerships with small businesses to pursue opportunities the parent company cannot as a large, non-profit business (Table 3). Half of the participants described a vision for CB, Inc. to be a tool for accomplishing business growth by developing new capabilities through acquisition of another company.

While the parent company vision for CB, Inc. is to accomplish business growth, concern was noted from 4 of the 7 interviewed that the vision for CB, Inc. wasn't thought through and has not been a priority of the parent company. This is a problematic finding, as research has shown that organizations who do not draft a precise, down-to-earth organizational design plan that aligns with their vision and strategy prior to setting up a

business usually encounter major difficulty in fulfilling their objectives for growth and income (Calvo & Garcia, 2010).

	Findings	% of Participants
Vision	Joint Venture, Mentor Protégé partnerships	100%
Vision	Do things the parent company cannot do as a non-profit	75%
Vision	Create new capabilities, competencies	50%
Vision	Company acquisition	37.5%

Table 3. Study Question 1 Vision Findings

Finding 2: Expectation

The results from the interviews and brainstorming session agree with the literature on corporate subsidiaries which suggests successful creation of an innovative new corporate subsidiary is a challenging endeavor (Townsend, Busenitz, & Arthurs, 2008). Corporate subsidiaries are founded for different reasons, but generally occur to advance the parent companies interests (Semadeni & Cannella, 2011). Those reasons at start-up influence its value creation and strategy for building growth (Bruneel, Van de Velde, & Clarysse, 2013).

There was agreement among all study participants that CB, Inc. was expected to create business opportunities that would increase revenue and complement (not compete) with the parent company, possibly by providing lower cost services. Seventy-five percent of the study participants described they expect CB, Inc. to be entrepreneurial while maintaining compliance, growing diversified revenue, and providing opportunities for parent company employees. One interviewee expressed, CB, Inc. is “expected to be an adjunct business partner with the parent company to pursue business opportunities”. An overview to support finding 2 themes is shown in Table 4.

	Findings	% of Participants
Expectation	Create business opportunities, revenue	100%

Expectation	Complement, not compete with parent; avoid organizational conflict of interest	100%
Expectation	Provide opportunities for parent company employees	100%
Expectation	Lower cost rate option	75%
Expectation	Be Entrepreneurial	75%
Expectation	Maintain compliance	62.5%
Expectation	Establish goals, execute strategy	62.5%
Expectation	Well managed, strong leadership	25%
Expectation	Sustainable organization	12.5%

Table 4. Study Question 1 Expectation Findings

**Finding 3: Governance and Support**

All participants from the interviews and brainstorming session described the parent company’s governance and support role for CB, Inc. as providing initial startup funding and resource support such as business development, financial, and infrastructure support. No other forms of support were suggested. One interviewee commented, “*CB, Inc. will need a strong partnership and commitment on the part of the parent company*”. As shown in Table 5, 75% of the participants viewed the parent company’s governance and support role as providing board oversight but maintaining an arm’s length relationship with CB, Inc. Parent company governance and support literature suggests, while continued ownership and governance ties to the parent company have important implications to a newly formed CB, Inc.’s performance, if the parent company exerts undue influence over the subsidiary it can lead to a ‘business as usual’ mindset rather than allowing CB, Inc. the autonomy and motivation to pursue its own course (Semadeni & Cannella, 2011). However, Ambos & Birkinshaw (2010) found subsidiaries which have a high level of strategic choice but also receive attention from the parent company perform better than their peers.

	Findings	% of Participants
Governance & Support	Provide initial startup funding	100%
Governance & Support	Provide resource support (business development, parent company infrastructure, financial)	100%



Governance & Support	Provide board oversight	75%
Governance & Support	Maintain arm’s length relationship, avoid organizational conflict of interest	75%

Table 5. Study Question 1 Governance & Support Findings

**Study Question 2:** Is CB, Inc. currently designed to meet their and the parent company’s strategic goals? Are they ready for an organizational design?

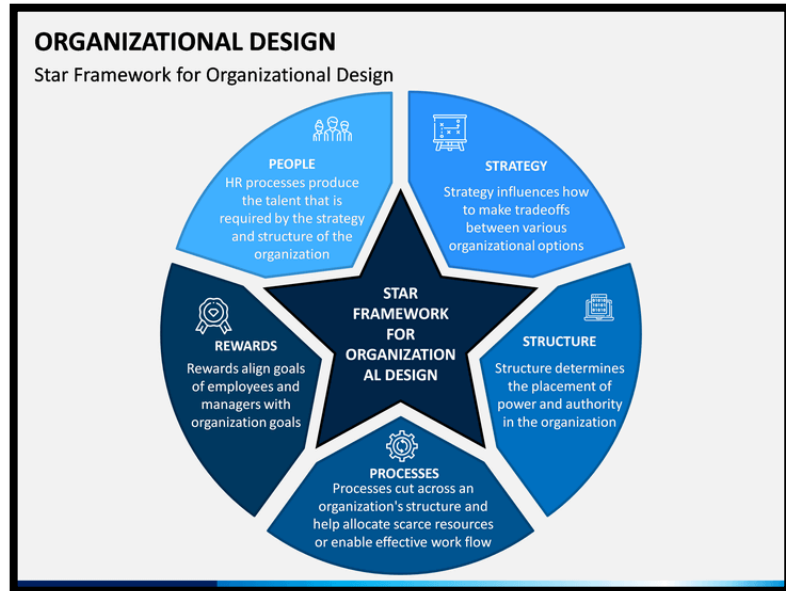
Finding 4: Organization Design Readiness

The assessment of CB, Inc.’s current organization design following the Star Model framework found CB, Inc. is not currently designed to meet their strategic growth goals. Further, CB, Inc. is not currently ready to complete the organization design process. This is supported by the following assessment of each individual Star Model components as illustrated in Figure 6.

**Star Model – Strategy: Does CB, Inc. have a defined strategy?** The first feature of an organization design is a robust strategy that is characterized by its ability to generate results under varying environmental situations (Worley & Lawler, 2010). Research suggests it is critical subsidiaries develop their own effective business strategies to ensure firm performance (Lechner & Gudmundsson, 2014). Strategy sets the organization’s direction and encompasses the company’s vision and mission, as well as its short-and long-term goals (Beckman, 2009). To support finding 4 the assessment of CB, Inc.’s strategy found CB, Inc. does not have a defined strategy.

The review of CB, Inc. documentation and discussions with the past and current CB, Inc. presidents found a strategy has not been defined nor documented. Although a business plan was drafted in April 2019 it was not finalized and did not include CB, Inc.'s strategy.

Further, triangulation of the three data sources found in order for CB, Inc. to design the organization for strategic growth, 100% of the participants stated CB, Inc. must first develop a clear vision and strategy.



When asked what CB, Inc.'s

Figure 6. Star Model

current defined strategy is, 100% of participants suggested CB, Inc.'s strategy could be to focus on innovative opportunities that leverages the parent company university connections; however, 75% of participants stated the strategy was to form mentor protégé/joint venture partnerships.

**Star Model – Structure: Has CB, Inc. determined a structure that aligns with strategy?**

Since CB, Inc. did not have defined strategy, it was not possible to determine if their structure was aligned with their strategy. Structure determines the location of the decision-making power (Beckman, 2009). It describes how the organization is organized, key roles, how the work is managed, and who has the power and authority. The structure (functional, product, geography, or customer) sends the message about what work is important and should support the strategy. If the established structure does not support the strategy, CB, Inc. may find themselves working around a formidable obstacle (Kates & Galbraith, 2007).

Review of organization documentation found CB, Inc. is currently structured with a President and a corporate secretary; both are parent company employees. While working through the Star Model decision tool workbook and during the design criteria sessions, the newly appointed President indicated once CB, Inc.'s strategy was defined, they could possibly be structured to become an innovative, agile organization that provides a different business model than the parent company. While there was concurrence from 87.5% of participants in the interviews and focus group that CB, Inc. be structured to be Agile, there was overwhelming response (100%) for CB, Inc. to be structured to support mentor protégé/joint venture partnerships.

One participant suggested CB, Inc. should be “*structured with the ability to devote time to execute strategy and hustle for business*” which is supportive of the organizational data that shows the CB, Inc. president and corporate secretary are currently unable to dedicate time to execute strategy since less than 5% of their time is dedicated to CB, Inc. The limited time they do dedicate to CB, Inc. is spent on operations management and participating in board meetings.

**Star Model – Processes: Have processes been established?** Processes are a series of connected activities that move information up and down and across the organization (Beckman, 2009). Processes are used to determine how decisions are made, work flows between roles, and what mechanisms are needed for collaboration. According to the Star Model, well-designed processes speed decision making and bring the right people together to support the strategy (Kates & Galbraith, 2007).

The analysis found that CB, Inc. does not currently have processes in place for following important activities: vetting potential partners, identifying opportunities, and business development capture. Document analysis found the only documented processes CB,

Inc. currently had established were financial transaction processes between CB, Inc. and the parent company. These processes did not fully address helping CB, Inc. meet their strategic goals. As Lechner & Gudmundsson (2014) stated, it is critical corporate subsidiaries develop their own effective strategies and processes for firm performance.

**Star Model – Rewards: Does CB, Inc. know their success metrics and how to best evaluate?** CB, Inc. does not currently have established measures for success. Establishing measurements for success influence people to perform and are used to align individual behaviors and performance with the organization’s goals (Beckman, 2009). No established success measures were found during document analysis. Further, 75% of participants from the interviews and brainstorming focus group suggested CB, Inc. could best measure success through the basis of increased revenue, how well compliance is maintained, and total business opportunities pursued and won. Additional measures of success were seen from 50% of participants as how often parent company resources were shared or utilized and responsible spending of parent company seed funding. Several interviewees commented that the parent company needed to give CB, Inc. time to grow before expecting significant success measures. One participant defined CB, Inc.’s success being *“when they have strong partnerships with industry that complement the parent company capabilities and help the parent advance to the next level”*.

**Star Model – Resources: Does CB, Inc. know what resources they will need to be successful?** Resources are the staff and skills needed in order for the organization to be successful (Kates & Galbraith, 2007). They include the human resource management policies which influence and define the mindsets and skills of employees (Beckman, 2009). All participants described CB, Inc. will need a president, corporate secretary, operational support staff, project managers, and information technology resources to be successful.

However, over half of the study participants indicated that these types of resources are parent company resources that are not fully dedicated to CB, Inc.

The triangulated results from interviews, brainstorming focus group, Star Model decision tools, and design criteria sessions found resources and skills currently available to CB, Inc. include access to parent company resources; however, a dedicated growth officer and innovative leaders with a startup/networking mentality were needed to execute strategy and lead capture efforts. Eshima & Anderson (2017) suggests entrepreneurial oriented organizations grow faster. As previously stated, currently less than 5% of the CB, Inc. president and corporate secretary's time is dedicated to CB, Inc. Document analysis found no other parent company resources to have any time dedicated to CB, Inc. Firms are entrepreneurial when their members are able to collectively engage in entrepreneurial behaviors that include having top management support, work discretion, rewards, and time availability (Kreiser, Kuratko, Covin, Ireland, & Hornsby, 2021).

### **Recommendations**

The results from the findings is summarized into four distinct recommendations. The recommendations are tiered meaning recommendation 1 will need to be completed before completing recommendation 2 or 3. Should CB, Inc. chose not to complete recommendations 1 through 3, recommendation 4 should be considered.

Recommendation 1: CB, Inc. should stall further efforts to design the organization for strategic growth until the parent company completes and organization design that establishes clear business lanes and market segments between the parent company business units and CB, Inc. As shared in the findings above, participants expressed the parent company growth strategy and market segments were unclear between parent company business units and CB, Inc., making it difficult to determine where CB, Inc. could best play a

role. This lack of clarity is impacting CB, Inc.'s ability to draft a clear strategy and business execution plan. To overcome this impact, CB, Inc. leadership needs to determine how best to work with the parent to establish a clear understanding of market segment lanes between the two entities that ensure the avoidance of perceived or actual organizational conflict of interest.

To do this, an organizational design should be conducted by the parent company in order to establish clear business lanes and market segments between the parent company business units and CB, Inc. In an established company, the introduction of a new business or business model may require transforming the current structure and managing tensions between constituencies in different parts of the company (Leih, Linden, & Teece, 2015). Working together, CB, Inc. and the parent company could design an ambidextrous organization focused on exploiting existing capabilities as well as exploring new opportunities for growth. Ambidexterity can be enabled by segregating new activities, encouraging experimentation, ensuring access to adequate resources, and shielding the firm from internal competition with the existing business lines (O'Reilly & Tushman, 2004).

Firms must make design decisions based on the strategic and environmental needs of the individual units as well as the overall goals of the firm. Those organizations are successful when they are willing to integrate unconnected resources and focus on what they do not know rather than only controlling what they do know (Ensign, 1998). Without organization design, firms cannot generalize and use accumulated knowledge to design effective and efficient organizations that serve their purposes well (Burton & Obel, 2018).

Since the parent company views CB, Inc. as a tool to accomplish business growth and expects CB, Inc. to create, document, and communicate a defined strategy focused on growing a diversified revenue base, these clear lanes must be established. This

recommendation will need to be completed before CB, Inc. can be successfully designed for strategic growth.

Recommendation 2: Once recommendation 1 has been completed and CB, Inc. leadership understands how they can be integrated with the parent company, CB, Inc. should take action to define their strategy and complete the organization design process. A firm's competitive strengths lie in their strategy formulation (Leth, Linden, & Teece, 2015). Strategy is a company's formula for success. It sets the organization's direction and encompasses the company's vision and mission, as well as its short- and long-term goals. The organization's strategy is the cornerstone of the organization design process (Kates & Galbraith, 2007). Without a strategy as a starting point, the organization design process cannot be completed. Further, Feldman & Klofsten (2000) argue firms that fail to properly plan, manage and allocate resources will encounter difficulties with firm growth.

Since the parent company views CB, Inc. as a tool to accomplish business growth but expects CB, Inc. to create, document, and communicate a defined strategy focused on growing a diversified revenue base, CB, Inc. will need to define their business strategy before completing the organization design process and implementation. The CB, Inc. strategy could align with their vision to be an innovation hub, serving as a nexus to connect and enable opportunities between government, academic, and commercial technology partners. When defining strategy, CB, Inc. leadership should determine if their strategy should include a strong focus towards developing mentor protégé, joint venture partnerships. Finally, CB, Inc. should document their strategic goals, measures, and milestones for future success evaluation.

Recommendation 3: Once the parent company market segments are clarified and CB, Inc. has defined their business strategy, CB, Inc. leadership should develop a phased-approached transformation roadmap for completing an organization design implementation.

CB, Inc. leadership will need to assess the appropriate timeframe for a phased approach but it could be over the course of 12 months or 3 to 5 years depending on the complexity of the transformational change. Goals, measures, and milestones should be established to evaluate implementation success.

Should CB, Inc.'s vision remain to be an innovation hub, serving as a nexus to connect and enable opportunities between government, academic, and commercial technology partners then this vision could be met through CB, Inc. becoming an innovation program such as an innovation center, technology transfer center, or business incubator. Business incubators are defined as the endowment of high-level business/support services, including networks for contacts, to accelerate the development of entrepreneurial companies (Al-Mubarak & Busler, 2014). Technology transfer programs support the development of new technologies through research programs of universities including research tools and formal licensing of inventions and software (Al-Mubarak & Busler, 2017).

Incubators and innovation programs have contributed positively to economic growth and have been proven to be an extremely successful model in employment growth (Al-Mubarak & Busler, 2017). According to Al-Mubarak and Busler (2014), incubator firms have proven their ability achieve their goals of economic growth, innovation, technology transfer, fostering entrepreneurship, and creating jobs. Starting an innovation hub or business accelerator will require a clear vision and strategy, and a good fit between different design parameters and the objective the organization wants to achieve (Pauwels, Claryssee, Wright, Hove, 2016).

Kates and Galbraith (2007) warn that following a piecemeal adoption of management practices or benchmarking and copying another company's structures and processes will have little impact on business performance and is not useful for organization design. They



recommend organizations pursuing a growth strategy need to be strong at all five steps of the innovation process (Star Model Framework – Capabilities, Structure, Processes, Rewards, and People) and have a willing leadership team capable of making hard investment choices required to manage a portfolio of new ventures in various stages of development.

The transformation roadmap should use the findings of this project as foundation to support and finalize the development of the implementation plan. Of note, without adequate financial and human resources, recommendation 3 will be difficult or impossible to complete. Innovative change requires support in the form of money and time for experimentation, innovation, and learning (Lawler & Galbraith, 1994).

Recommendation 4: If CB, Inc. and the parent company choose not to dedicate adequate human and financial resources to support strategy development, organization design, and strategy execution, CB, Inc. leadership and board members should recommend to the parent company that CB, Inc. be dissolved. Innovative change requires support in the form of money and time for experimentation, innovation, and learning (Lawler & Galbraith, 1994).

As previously mentioned, the parent company strategy and market segments are not clearly defined making it difficult for CB, Inc. to know which markets and strategy they can pursue. This is compounded by the ground rule that CB, Inc. cannot compete with the parent company. Further, due to other parent company competing priorities, the current CB, Inc. President can only dedicate 2% or less of his time supporting CB, Inc. Kates & Galbraith (2007) argue, the organizational leader has the responsibility to design and influence the structure, processes, rewards, and people practices of the organization in order to build these needed capabilities. Without adequate financial and human resources support of CB, Inc. all other recommendations will fail to position CB, Inc. for strategic growth.

## Conclusion

Organizational design is not a decision, it is a project to build an organizational infrastructure (Kates & Galbraith, 2007). Research is clear that organization design is a cornerstone of a firm's competitive advantage and performance. Even the most cunning strategy will not reach its potential if an organization's structure, processes, and systems do not support it (Worley, & Lawler, 2010). This capstone project focused determining the readiness of CB, Inc., a newly formed for-profit subsidiary, to design their organization to create value and meet their and the parent company's strategic growth goals. Partnering with CB, Inc. leadership, initial steps of an organizational design process was conducted using the Star Model decision making framework. The results of this study found the parent company views CB, Inc. as a tool to accomplish business growth and expects CB, Inc. to create, document, and communicate a defined strategy focused on growing a diversified revenue base.

Since organizational design is about developing and implementing corporate strategy and corporate strategy consists of actions a company takes to gain competitive advantage (Bryan & Joyce, 2007), CB, Inc. will need to work with the parent company to determine their role and fit in the organization. CB, Inc. will also need to define their strategy before completing an organization design process. CB, Inc. and the parent company can use the findings and recommendations from this study to support next steps towards defining strategy to complete the organization design implementation or make the tough decision to dissolve the for-profit subsidiary.

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## Appendix A

### CB, Inc. Semi-Structured Interview Questions with Corresponding Study Questions

#### Questions derived from the Star Model Framework

1. What is parent company's vision for and expectations of CB, Inc.? (SQ1)
2. As the current CB, Inc. president/secretary/board member, what is your vision and expectations for CB, Inc.? (SQ1)
3. Does CB, Inc. have a defined strategy? If so, what is the current strategy? (SQ1)
4. What is parent company's governance and support role for CB, Inc. as a newly developed corporate subsidiary? (SQ1)
5. In your opinion, how can CB, Inc. best design their organization to meet their and parent company's strategic growth goals? (SQ2)
6. What does success look like for CB, Inc.? (SQ2)
7. What does short term success look like? (SQ2)
8. Does CB, Inc.'s formula for success include international markets? (SQ2)
9. How would you monitor, track, and measure that success? (SQ2)
10. What is CB, Inc.'s target customers? (SQ2)
11. Does CB, Inc. have competitors? If so, who are current or potential competitors? (SQ2)
12. How can CB, Inc. best differentiate from competitors? (SQ2)
13. CB, Inc. is currently structured with the President, corporate secretary, and board members. In your opinion, how does CB, Inc. need to be structured to best meet their strategic goals? (SQ2)
14. What processes need to be established for CB, Inc. to best meeting their strategic goals? (SQ2)
15. What resources and skills will CB, Inc. need to be successful? (SQ2)



## Appendix B

### Reimaging CB, Inc. Facilitated Brainstorming XLeap Session Report

#### Re-imagining CB, Inc.


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**Date** September 4, 2020  
**Leader** Facilitator

Keri Cagle (observer)

#### Participants

1. Incoming CB, Inc. President
2. Retiring CB, Inc. President
3. Parent VP General Counsel
4. Parent President & CEO
5. Parent VP Business Development
6. Parent VP Research University Partnership Office
7. Parent Business Development Professional
8. Parent Sr. VP & CFO
9. Parent Sr. VP Division Director
10. Parent Director Research University Partnership Office
11. CB, Inc. Corporate Secretary



 1 Future is Bright

 **Brainstorm question or instruction:**

Future is Bright


You have been transported to the future. CB, Inc. is a mature, successful part of the [PARENT COMPANY] business portfolio. To what can you attribute CB, Inc.'s growth and success? Please be detailed. All ideas and aspects are on the table: consider structure, market, leadership actions, strategy, design, roles, partnerships, relationships, etc.

**Sticky points:**


-  Priority item (5 points per participant)
-  Should not be pursued (One point per participant)


Unsorted (0)


Partners / Relationships (9)

 **(2)** 3. CB, Inc. developed a meaningful long-term relationship with a company who shared our values


 **(1)**  **(1)** 4. Leveraging the innovative research of our member universities


 **(1)** 7. Strong partnerships with industry that complement our capabilities and help us advance to the "next level"

 **(1)** 8. As a for-profit, CB, Inc. has facilitated research partnerships leading to new technology and facilities/capabilities

 **(1)** 9. Ability to strategically partner with certain small businesses that were developed through use of mentor protégé relationships and were able to move on to JV's

18. Serves as THE mechanism for partnerships with private industry and provides a fast track process for executing research contracts.

 **(2)** 23. A successful CB, Inc. is a revenue and profit generating wholly -owned subsidiary contributing to the financial success of [PARENT COMPANY]. The business is diverse in having a mentor protégée relationship with a strong small business, like, [REDACTED], to pursue opportunities in health and life sciences (e.g., REDACTED), in program research evaluation, scientific assessment and peer review. Additionally, we have a secondary relationship with another company to allow for growth in health communications and STEM workforce solutions, health policy and quality measures, to allow for diverse revenue pursuit paths and capacity support.

 **(1)** 31. Partners are experts in our target growth areas - with capabilities that complement our own. And we learn from our partners and they learn from us.

32. Active and supportive Board of Directors participation by those members who do not necessarily represent our university partners, but more so from those who have come from corporate America and other areas outside of academia

Clients (0)

Strategies (16)

● **(4)** 2. A business strategy that takes risks on business opportunities that [PARENT COMPANY] cannot or will not

● **(1)** 5. CB, Inc. has successfully built a catalog of base revenue through a series of contracts, and uses the proceeds of the revenue to reinvest into continuing research for future growth.

● **(1)** 11. We are driving innovation with a focus on developing innovative solutions and bringing them to our customers.

13. Providing innovative solutions - primarily in the growth area of Healthcare

● **(3)** 14. The use of CB, Inc. to acquire companies that expanded its core capabilities

19. CB, Inc. has become a hub for applied research and tech transfer, recognized by entrepreneurs across the federal research portfolio.

● **(2)** ● **(1)** 20. Finding work that is required to be executed under a for-profit company umbrella - generally, with significantly higher risk (and profit) and not in the same business areas as [PARENT COMPANY]'s not-for-profit mission

● **(3)** 21. CB, Inc. was able to get adequate investment for growth

● **(2)** 26. CB, Inc. was essential in taking ODRD-funded intellectual property to commercial success, using CB, Inc. as a model start-up for the technology.

● **(3)** 28. CB, Inc. has successfully maintained alignment with the mission of [PARENT COMPANY], selecting market areas where CB, Inc. provides a strong value proposition consistent with furthering research and education

29. CB, Inc. is successful because we have developed and are licensing viable commercial software applications that fill a customer need. These software products were spin-offs from existing successful [PARENT COMPANY] software applications. We secured the intellectual property and created a development shop within CB, Inc. that gave the IT staff the freedom and agility to respond at market pace. We were able to create competitive pricing and brought the products to market with easy subscription and purchasing options. We have sold some of the software to large software companies to realize substantial profit.

● **(1)** 33. Serve as the hub for establishing a university consortium to lead a center of excellence in a specific growth area, with an infrastructure of dedicated staff.

34. CB, Inc. is successful because we took intellectual property that was developed under ODRD and took it to the next step toward commercialization. We then licensed the IP to a manufacturing company that took the product to market.

● **(1)** 36. CB, Inc. leadership team includes a chief growth strategist

39. CB, Inc. has licensed technology from a DOE National Laboratory and developed products that can be brought to the marketplace. We have entered into a JV with a manufacturing partner and share in the profits from the product sales.

●(1) 41. Learning from other not-for-profit companies who also have stood-up for-profit subsidiaries - what were their challenges, opportunities, etc.

Skills / Processes / Capabilities (3)

15. CB, Inc. has successfully leveraged basic research concepts, developed through internal and university partnership efforts, to lead technologies towards commercialization efforts.

37. [PARENT COMPANY] thought leaders have the ability to be appointed to CB, Inc. where their expertise is required, e.g., on an appointment basis.

●(2) 42. CB, Inc. could act an inhibitor to processes, procedures, and tools that languish at [PARENT COMPANY]

External Environment (Market, Political, etc.) (0)

Structure (5)

●(2) ●(1) 6. A joint venture with specific university partners to support a customer's strategic technology roadmap. This is real -- an outgrowth of the GOGO-GOCO Study for the CIA.

●(1) 10. Identifying key employees to join CB, Inc. who were given incentives to invest time and energy

12. Serves as a contract vehicle to receive funds for a mission-specific, Congressionally-directed activity.

●(3) 16. CB, Inc. allows application of different business models for partnerships, reducing the sometimes burdensome government-contractor relationships

38. Leaders who were able to devote full-time to development of CB, Inc.

Culture/Mindset (9)

●(3) 1. Strong partnership and commitment on the part of the parent ([PARENT COMPANY])

●(1) 17. We take risks

●(3) 22. We act as a positive disruptor - challenging the old [PARENT COMPANY] status quo

●(1) 24. The ability and will of [PARENT COMPANY] and the [PARENT COMPANY] Board to continue to invest in CB, INC. as needed

25. We are proactive (shaping work with our customers, or bringing them new ideas to shape) vs. reactive (waiting for solicitations to drop)

27. CB, Inc. was given time to develop - not expected to have returns in an unreasonable time period


30. Agile leadership with a vision


●(5) 35. Entrepreneurial, growth mindset from leadership.

**1** 40. Ability of CB, INC. to add to the resiliency of the parent company

Employees (0)

Other (0)

 2 Impact, Feasibility

 2.1 Please rate by Impact

10 participants have rated.


**The following participants have not rated:**

REDACTED

 **Rating question or instruction:**

Please rate by Impact

Please rate each idea based on the relative impact the action or idea will have on the success of [PARENT COMPANY] CB, Inc. Please give at least one idea a 1 and one idea a 5

 2.1.1 Please rate by Impact

Criterion "Impact" sorted by mean Abstentions not permitted. 1 = Little to no impact   5 = High impact				
Nr	Item	↓Mean	SD	n
1	Strong partnership and commitment on the part of the parent ([PARENT COMPANY])	4.80	0.10	10
2	CB, Inc. was able to get adequate investment for growth	4.50	0.13	10
3	Entrepreneurial, growth mindset from leadership.	4.40	0.20	10
4	A business strategy that takes risks on business opportunities that [PARENT COMPANY] can not or will not	3.80	0.29	10
5	We act as a positive disruptor - challenging the old [PARENT COMPANY] status quo	3.20	0.33	10
6	CB, Inc. has successfully maintained alignment with the mission of [PARENT COMPANY], selecting market areas where CB, Inc. provides a strong value proposition consistent with furthering research and education	3.20	0.35	10
7	CB, Inc. allows application of different business models for partnerships, reducing the sometimes burdensome government-contractor relationships	3.00	0.35	10

**The following comments were submitted with the ratings:**

Strong partnership and commitment on the part of the parent ([PARENT COMPANY])

Impact: 5

It will take a strong commitment on the part of [PARENT COMPANY] to make CB, INC. successful (#1)

CB, Inc. was able to get adequate investment for growth

Impact: 5

Continued investment will be needed (#2)

Impact: 4

We will not be able to bootstrap everything (#1)

Entrepreneurial, growth mindset from leadership.

Impact: 5

Without this we will just have a mini-[PARENT COMPANY] (#1)

... and a mindset that is well-communicated. (#2)

A business strategy that takes risks on business opportunities that [PARENT COMPANY] cannot or will not

Impact: 5

This is a critical success factor and differentiator from parent/[PARENT COMPANY] (#3)

Impact: 3

To a certain extent, but [PARENT COMPANY] is also becoming less risk adverse (#2)

Impact: 1

I don't know that CB, Inc.'s strategy should be this closely informed by [PARENT COMPANY] strategy (#1)

We act as a positive disruptor - challenging the old [PARENT COMPANY] status quo

Impact: 3

Depends on how much attention [PARENT COMPANY] pays to this (#1)

CB, Inc. has successfully maintained alignment with the mission of [PARENT COMPANY], selecting market areas where CB, Inc. provides a strong value proposition consistent with furthering research and education


Impact: 3

Yes, maintains alignment but should explore new growth/market areas (#1)

CB, Inc. allows application of different business models for partnerships, reducing the sometimes burdensome government-contractor relationships

Impact: 2

Not sure about this-its (#1)

 2.2 Please rate by Feasibility

10 participants have rated.


**The following participants have not rated:**

REDACTED

 **Rating question or instruction:**

Please rate by Feasibility

Please rate the relative feasibility of each idea in terms of implementation. Please give at least one idea a 1 and at least one idea a 5

 2.2.1 Please rate by Feasibility

Criterion "Feasibility" sorted by mean Abstentions not permitted. 1 = Not at all feasible   5 = Very feasible				
Nr	Item	↓ Mean	SD	n
1	CB, Inc. has successfully maintained alignment with the mission of [PARENT COMPANY], selecting market areas where CB, Inc. provides a strong value proposition consistent with furthering research and education	4.40	0.23	10
2	Strong partnership and commitment on the part of the parent ([PARENT COMPANY])	4.10	0.24	10
3	A business strategy that takes risks on business opportunities that [PARENT COMPANY] cannot or will not	3.90	0.18	10
4	Entrepreneurial, growth mindset from leadership.	3.50	0.32	10
5	CB, Inc. allows application of different business models for partnerships, reducing the sometimes burdensome government-contractor relationships	3.30	0.30	10
6	CB, Inc. was able to get adequate investment for growth	2.90	0.21	10
7	We act as a positive disruptor - challenging the old [PARENT COMPANY] status quo	2.90	0.31	10

**The following comments were submitted with the ratings:**

Strong partnership and commitment on the part of the parent ([PARENT COMPANY])

Feasibility: 3

Commitment should also come in the form of funding. (#1)

A business strategy that takes risks on business opportunities that [PARENT COMPANY] cannot or will not

Feasibility: 3

CB, INC. still could be in an OCI situation from the Parent on certain opportunities such as ORISE or NIOSH related (#1)

Entrepreneurial, growth mindset from leadership.

Feasibility: 5

An empowering that leader is critical (#1)

We act as a positive disruptor - challenging the old [PARENT COMPANY] status quo


Feasibility: 4

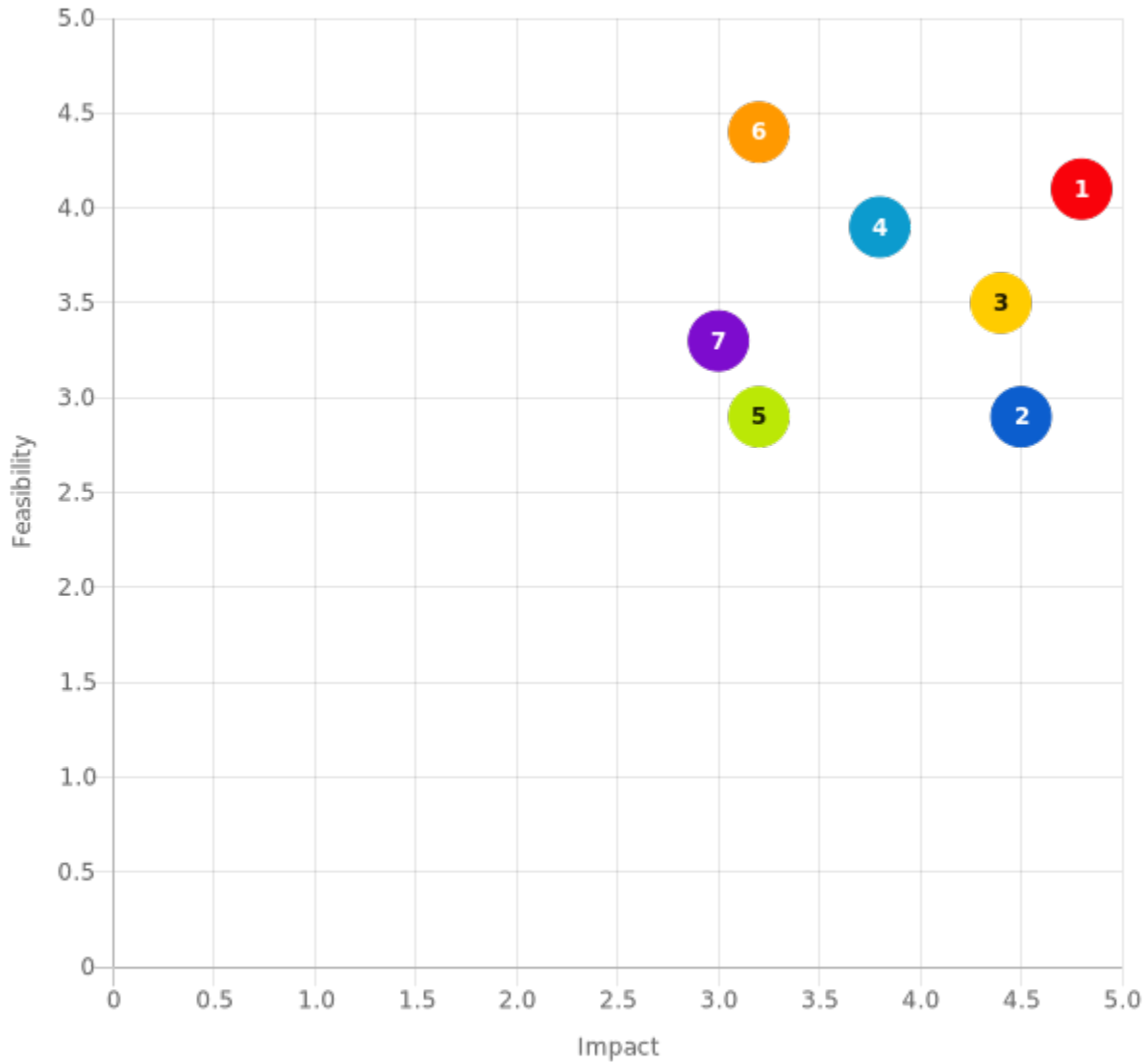
We would have to define the status quo we want to address (#1)







 2.3 Results


Results (Multi-criteria table). Sorted by mean of row							
Nr	Item	Impact		Feasibility		↓Mean of Row	SD
		Mean	SD	Mean	SD		
1	Strong partnership and commitment on the part of the parent ([PARENT COMPANY])	4.80	0.10	4.10	0.24	4.45	0.17
2	Entrepreneurial, growth mindset from leadership.	4.40	0.20	3.50	0.32	3.95	0.26
3	A business strategy that takes risks on business opportunities that [PARENT COMPANY] can not or will not	3.80	0.29	3.90	0.18	3.85	0.23
4	CB, Inc. has successfully maintained alignment with the mission of [PARENT COMPANY], selecting market areas where CB, Inc. provides a strong value proposition consistent with furthering research and education	3.20	0.35	4.40	0.23	3.80	0.29
5	CB, Inc. was able to get adequate investment for growth	4.50	0.13	2.90	0.21	3.70	0.17
6	CB, Inc. allows application of different business models for partnerships, reducing the sometimes burdensome government-contractor relationships	3.00	0.35	3.30	0.30	3.15	0.33
7	We act as a positive disruptor - challenging the old [PARENT COMPANY] status quo	3.20	0.33	2.90	0.31	3.05	0.32

 2.4 Please rate by Impact



Results (Multi-criteria table). Sorted by mean of row	
	1 Strong partnership and commitment on the part of the parent ([PARENT COMPANY])
	2 CB, Inc. was able to get adequate investment for growth
	3 Entrepreneurial, growth mindset from leadership.
	4 A business strategy that takes risks on business opportunities that [PARENT COMPANY] can not or will not

Results (Multi-criteria table). Sorted by mean of row	
5	We act as a positive disruptor - challenging the old [PARENT COMPANY] status quo
6	CB, Inc. has successfully maintained alignment with the mission of [PARENT COMPANY], selecting market areas where CB, Inc. provides a strong value proposition consistent with furthering research and education
7	CB, Inc. allows application of different business models for partnerships, reducing the sometimes burdensome government-contractor relationships

 3 Block and Tackle

 **Question or instruction for the discussion:**

Block and Tackle

Strong partnership and commitment on the part of the parent ([PARENT COMPANY])

What are the specific items that need to be focused on for the next 12 months

Short term revenue for CB, INC. is essential. We need one or more contracts that get the cash flowing. (#2)

A relevant and cohesive business strategy for CB, INC. needs to be developed (#3)

Need to develop a charter, establishing leadership, strategy (vision, mission, goals, objectives), guiding principles ,etc. (#5)

CB, Inc. needs to develop a five-year strategic plan and get [PARENT COMPANY] commitment to funding the plan, recognizing the cash flow from CB, Inc. will be part of the funding. (#7)

Education and communication of the value and purpose of CB, Inc. to the company is required. (#8)

Defining a strategy - this is the first time that I've heard about research/university/tech transfer for CB, INC. - we need to quickly decide to go down this path or stay the course with the JV/mentor protege/gov contracting that we have been pursuing (#9)

A source of funding (#16)

Funding, funding, funding (#22)

A business plan (#32)

What are the constraints that will keep [PARENT COMPANY] from being able to do this?

We tend to find reasons why we can't do something. This is contrary to how a start-up business must operate. (#6)

Leadership empowerment (#11)

We continue to let reservations around OCI drive what business opportunities we undertake (#14)

We need to develop a good first use for CB, Inc.. Nothing sells great ideas like great examples of the value. (#15)

We tend to have unrealistic expectations about revenue growth for new ventures. Very few start-up businesses are able to become cash-flow positive in a year or two (#18)

Taking a short view or quick success strategy for CB, INC. (#23)

The most high-impact constraint that will keep strong partnership and commitment on the part of the parent ([PARENT COMPANY]) from happening is that there is not a compelling business case or need clearly articulated for [PARENT COMPANY] to have a "for-profit" subsidiary like CB, Inc.. Remember, CB, Inc. was stood-up to support a specific bid over a year ago, but to my knowledge, there was never a strong business case presented as to why [PARENT COMPANY] needs a for-profit subsidiary. That is a critical step in this process. (#24)

If CB, INC. can't determine a strategy and start implementing it, [PARENT COMPANY] will lose patience and it will be hard to find reasons to continue commitment from the parent org (#27)

What are some longer-term considerations?

The transfer of resources back and forth between [PARENT COMPANY] and CB, INC. will have to be figured out. (#13)

Acquisitions (#19)

Need strong COI (and COI communication) to ensure separation and advantage of CB, Inc. is clear to [PARENT COMPANY] staff. (#25)

Defining the business culture of CB, INC. as compared to [PARENT COMPANY]'s business culture (#34)

What is the exit strategy for business that is not successful (#36)

Tax implications (#38)

CB, Inc. has successfully maintained alignment with the mission of [PARENT COMPANY], selecting market areas where CB, Inc. provides a strong value proposition consistent with furthering research and education

What are the specific items that need to be focused on for the next 12 months

Identify targeted markets, clients, opportunities and partners -top 10, to advance mission, revenue, profit and sustainability. (#1)

Significant efforts by BD and BD program staff (#4)

Identifying and encapsulating the value proposition of CB, Inc. (#10)

Identify key partners to help enter new markets (#28)

Someone needs to provide a model for what this looks like - It is fuzzy to me (#33)

What markets are complementary but don't compete with [PARENT COMPANY] (#37)

Identify early opportunities that will demonstrate short term success. (#39)

What are the constraints that will keep [PARENT COMPANY] from being able to do this?

It seems not all [PARENT COMPANY] leadership are on board with supporting CB, INC. forward progress (#12)

Need to understand competitive landscape (#17)

Revenue constraints in what is a challenging market. Client priorities as it aligns with their procurement strategy, to include, timing of opportunities. (#21)

We get distracted by revenue decline in [PARENT COMPANY] and attention on CB, INC. wanes. (#31)

Capabilities development - new capabilities, skills will be needed. (#35)

What are some longer-term considerations?

funding for CB, INC. into the future so that applicable staff can work appropriately (#20)

Need to understand that CB, Inc. must be agile, not overly constrained. (#26)

CB, Inc. cannot be a solution in search of a problem. (#29)

Establishment of solid, long-term partnerships in focused areas and accounts that would allow for a long term growth strategy. (#30)

## Appendix C

### Star Model Organization Design Decision Tools

Completed by CB, Inc. President

#### Organizational Capabilities (how you differentiate yourself from the competitors)

**1. Has an internal and/or external market analysis been conducted for CB, INC.?**

CB, INC. is a wholly-owned subsidiary of [PARENT COMPANY] and has not benefitted from a market analysis separate from those performed for [PARENT COMPANY]. [PARENT COMPANY] has commissioned two recent market analyses from Avascent which provide useful information for CB, INC. since CB, INC. will be seeking to market services similar to those of [PARENT COMPANY]. [PARENT COMPANY] also participates in the annual Deltek survey which also provides useful information for CB, INC. However, I have researched the possibility of working in the technical and business assistance organizations (TABAs), business accelerators (more saturated market), Office of sponsored programs markets.

**Describe CB, INC.'s External Strategy Forces (what differentiates them to be competitive externally)**

While CB, INC. is a start-up company and will be competing with small businesses, it does not enjoy small-business status due to its relationship with [PARENT COMPANY]. However, the primary benefit of being a wholly-owned subsidiary is that CB, INC. is allowed to claim the corporate experience of the parent company, [PARENT COMPANY]. This provides a benefit to CB, INC. and will attract other companies to develop mutually beneficial relationships with CB, INC.

**2. Describe CB, INC.'s Internal Strategy Forces (what internal processes/structure differentiates them to be competitive)**

[PARENT COMPANY] finds it difficult to restructure financial and other operations, as needed, for special circumstances. CB, INC. is required by law to operate at arms-length from [PARENT COMPANY] and is therefore able to make operational decisions without the undue influence of [PARENT COMPANY] executives. This allows CB, INC. to consider innovative ways to accomplish its financial goals, governed only by what is legal and ethical. [PARENT COMPANY] is able to influence CB, INC. via its Board of

**Star Model Organization Design Decision Tools**

Directors, comprised of the [PARENT COMPANY] CEO, an [PARENT COMPANY] board member, and the CB, INC. President.

**3. Please complete the following table describing CB, INC.’s organizational capabilities, the implication of those capabilities, and metrics used to monitor the capabilities.**

CB, INC. is able to draw on the organizational capabilities of [PARENT COMPANY]. These are summarized in the following table.

<b>Organizational Capabilities</b>	<b>Organizational Implications</b>	<b>Metrics</b>
REDACTED	Small, boutique market with limited competition	Market share
REDACTED	Requires medical doctors and trained healthcare professionals limiting competition	Revenue that requires medical doctors to perform.
REDACTED	Primary experience is in public health field. Opportunities are based on relationships with clients.	Size of [PARENT COMPANY] organization that this work is able to support
REDACTED	Primary experience is in public health field. Opportunities are based on relationships with clients.	Size of [PARENT COMPANY] organization that this work is able to support
REDACTED	[PARENT COMPANY]’s capabilities have declined over the last five years, but there are still a few experts in this field	Size of [PARENT COMPANY] organization that this work is able to support
REDACTED	Small but potentially profitable business line. Moderate barriers to entry. Well-established and cost-effective service delivery processes in place. Requires careful cost-control during implementation	Revenue/Fee

**Star Model Organization Design Decision Tools**

REDACTED	Small, boutique market with limited competition	Market share
REDACTED	Small, boutique market with limited competition	Market share
REDACTED	Very limited business opportunities but also draws limited competition.	Ability to exploit this experience
REDACTED	Based on specific science and [PARENT COMPANY] expertise. [PARENT COMPANY] has had limited success marketing this capability in the past.	Revenue/Fee
REDACTED	Small, boutique market with limited competition because [PARENT COMPANY] has determined to restrict work to clean-up verification for regulatory bodies	Revenue/Market Share
REDACTED	A relatively large market in which [PARENT COMPANY] has deep experience.	Revenue/Fee
REDACTED	Very large market and lots of competition. [PARENT COMPANY] has unique access to talent via REDACTED if it can overcome internal resistance to using the data. [PARENT COMPANY] also has significant experience in recruiting and managing employees and research participants.	Revenue/Fee
REDACTED	Smaller market than staff augmentation but also more limited competition since it is generally less profitable and has additional restrictions.	Revenue



**Star Model Organization Design Decision Tools**

REDACTED	[PARENT COMPANY] has deep experience in managing peer review work but much of the new work is reserved for small businesses. Significant opportunity for growth in this area.	Revenue/Fee
REDACTED	Having access to economists with specific experience in the education field provides a good niche for [PARENT COMPANY].	Revenue
REDACTED	This is a nice-to-have support functions for other technical areas, but is difficult to market as a stand-alone business.	Revenue/Fee and number of [PARENT COMPANY] groups supported
REDACTED	[PARENT COMPANY] has limited resources left in this niche area.	Revenue/Fee
REDACTED	[PARENT COMPANY] has limited experience in selling this service and struggles with investing as needed to keep up with state-of-the-art.	Revenue
REDACTED	[PARENT COMPANY] has moderate capability with respect to health communication. Learning module development is a very competitive business in less technical business lines.	Revenue/Fee

**Star Model Organization Design Decision Tools**

**Product-Centric or Customer-Centric Tool**

For each line item, please check the appropriate box under product-centric or customer-centric that best aligns with CB, Inc.'s strategic focus.

			<b>Product-Centric</b>		<b>Customer-Centric</b>
<b>Strategy</b>	Goal		Best product for customer	X	Best solution for customer
	Main offering		New products	X	Personalized packages of products, service, support, education, consulting
	Most important customer		Most advanced customer	X	Most profitable, loyal customer
	Priority setting basis		Portfolio of products	X	Portfolio of customers – customer profitability
	Pricing		Price to market	X	Price for value, risk
<b>Structure</b>	Organizational concept		Product profit centers, product reviews, product teams	X	Customer segments, customer teams, customer profit-and-loss
<b>Processes</b>	Most important process		New product development	X	Customer relationship management and solutions development
<b>Rewards</b>	Measures		<ul style="list-style-type: none"> <li>• Number of new products</li> <li>• Percent of revenue from products less than two years old</li> <li>• Market share</li> </ul>	X	<ul style="list-style-type: none"> <li>• Customer share of most valuable customers</li> <li>• Customer satisfaction</li> <li>• Lifetime value of a customer</li> <li>• Customer retention</li> </ul>
<b>People</b>	Approach to personnel		Power to people who develop products <ul style="list-style-type: none"> <li>• Highest reward is working on next most challenging product</li> <li>• Manage creative people through challenges with a deadline</li> </ul>	X	Power to people with in-depth knowledge <ol style="list-style-type: none"> <li>1. Highest rewards to relationship managers who save the customer's business</li> </ol>
	Mental process		Divergent thinking: <i>How many possible uses of this product?</i>	X	Convergent thinking: <i>What combination of products is best for this customer?</i>
	Sales bias		On the side of the seller in a transaction	X	On the side of the buyer in a transaction
	Culture		New product culture: open to new ideas, experimentation	X	Relationship management culture: searching for more customer needs to satisfy

**Star Model Organization Design Decision Tools**

**Customer-Centric Strategy Tool**

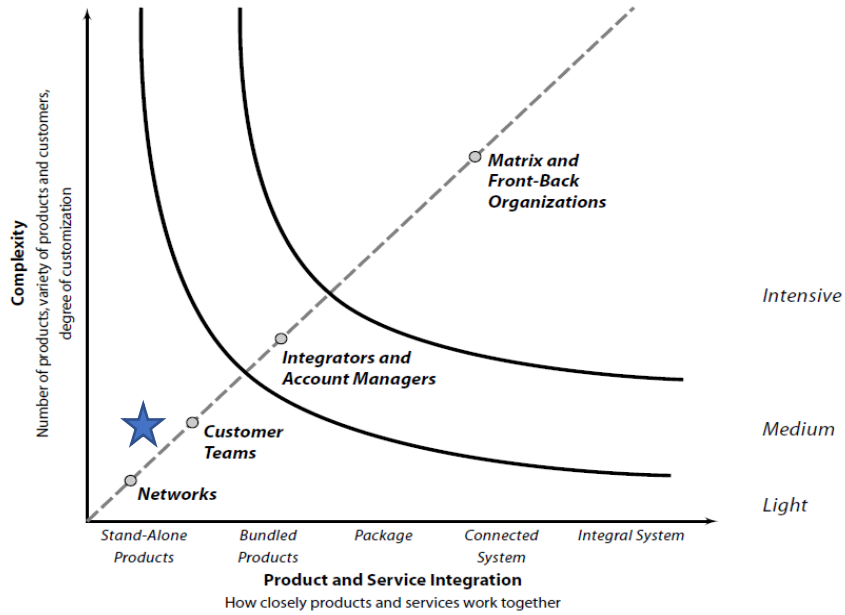
This tool is to be used to test how strong CB, Inc.’s case is for a customer-centric strategy and help determine how ready they are to take on this type of strategy.

<b>Rate CB, Inc. for each factor below: 1 = never/disagree, 5 = always/agree</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Customer Readiness</b>					
Customer buy multiple products/services.		X			
Customers buy/want to buy complex, customized products/services from CB, Inc..			X		
Customers complain about dealing with multiple points of contact for service.			X		
Customers ask for presales advice.		X			
Customers ask for postsale service support		X			
Customers have complex needs that require in-depth understanding And dedicated resources to uncover and respond to those needs.			X		
Customers are willing to pay a premium for advice, service, or integration, or some combination of all three.			X		
<b>Organization Readiness</b>					
We have strong relationships with many of our customers and understand their purchasing behavior.			X		
We have an understanding of why we retain customers and why we lose them.		X			
We work with our customers to design solutions to meet their needs.				X	
We know which of our customers are profitable.				X	
We have created/can create discrete customer segments.			X		
We have created products/services that are flexible enough to be customized for specific markets.				X	
We are experienced at configuring and reconfiguring teams to meet opportunities and service customers.			X		
We do/are willing to integrate external resources in our solutions when they are superior to internal products/services.	X				
<b>Leadership Readiness</b>					
The executive team (CB, Inc. leadership) has articulated a compelling strategic rationale for customer-centricity.				X	
There is leadership tolerance for and ability to manage complexity.				X	
There is leadership tolerance for the “overhead” cost of coordination and collaboration.			X		

## Star Model Organization Design Decision Tools

### Strategy Locator

The strategy locator is used to determine the level of customer-centricity that CB, Inc. will need based on your customer strategy. This tool is used to clarify what type of customer-centric organization needs to be built. Note: assumptions should be clear and articulated.



### Star Model Organization Design Decision Tools

**Process**

1. *Determine the level of integration.* The horizontal axis measure the intention of your strategy regarding how CB, Inc. will be offering products and services to customers.

Level of Integration	Examples	Where are you today	Where do you aspire to be
Very low or none at all	Stand-alone products /services	Almost all of [PARENT COMPANY] services are stand-alone	
Low	Bundled products / services		CB, INC. aspire to do a better job of bundling products (TABA, OSP, Tech Transfer)
Some	Package		
Moderate	Connected system that allow substitutions		
High	Integral system		

**Star Model Organization Design Decision Tools**

**Strategy Locator (continued)**

2. *Determine the level of complexity.* The vertical axis indicates how much CB, Inc. will have to change in order to implement a customer-centric strategy. The more complex the business, the more difficult it will be to manage the internal interactions. Use the table below as a guide to determine how complex CB, Inc. is from this perspective.

LOWER COMPLEXITY

HIGHER COMPLEXITY



*Number of products/services that will be integrated into an offering or solution*

<b>Fewer than 4</b>	<b>5 to 11</b>	<b>More than 12</b>
Usually just one or two services are integrated in [PARENT COMPANY]/CB, INC.		

*Variety of underlying business models in the offering*

<b>Same business model (for all products/services)</b>	<b>Mostly the same</b>	<b>Mixed (consulting, products, services)</b>
Most business models are very similar for [PARENT COMPANY]		

3. *Determine the level of customer-centric organization.* Plot the two dimensions on the strategy locator. Plot where you are today with a solid dot and plot where you intend to be based on strategy with a star.

See star on chart above

**Star Model Organization Design Decision Tools**

**Business Portfolio Strategy**

Use this tool to analyze CB, Inc.'s business portfolio.

	<b>Business Portfolio</b>	<b>General Characteristics</b>	<b>CB, Inc.'s Characteristics</b>
<b>Very Related</b>	Single Business	One product line or very closely related product/service lines. One business model is dominant.	This will likely be how CB, INC. operates during the early years as it grows a business portfolio
	Integrated business	Solutions and packages Sell to only one type of customer Either high-volume or high-relationship business	
	Related Business	Products and business models may differ across units but opportunity share common technology, knowledge, and resources	
<b>Not at all Related</b>	Mixed portfolio	Common theme across units, but largely separate Stand-alone products and services—not integrated across units Some units sell to businesses, some to consumers Some units high volume, others high relationship	
	Conglomerate/holding company	Little or no relationship across business units Different business models	

**Star Model Organization Design Decision Tools**

**Assessing CB, Inc.'s Innovation Capabilities**

Use this assessment to determine where CB, Inc.'s strengths and weaknesses are related to innovation.



<b>Capabilities</b>	<b>Current state</b>		
<b>Innovation Process</b>	<b>Weak</b>	<b>Developing</b>	<b>Strong</b>
Encourage and recognize insights that come from all parts of the organization		X	
Assess the potential market and the resources required to develop an idea into a new product or service		X	
Select projects and ideas for investment using a rigorous set of criteria and an evaluation screen that is neither too tight or too loose		X	
Say no, and stop pet or political projects		X	
Evaluate a business case on a range of qualitative and quantitative factors		X	
Create, test, and refine prototypes cheaply enough for evaluation		X	
Commercialize new products and businesses	X		
<b>Portfolio Management</b>	<b>Weak</b>	<b>Developing</b>	<b>Strong</b>
Sort ideas for strategic fit, and allocate resources as a leadership team		X	
Make adequate risk assessments as a leadership team		X	
Make investment decisions as a leadership team		X	
<b>Balancing separation and linkage</b>	<b>Weak</b>	<b>Developing</b>	<b>Strong</b>
Make good decisions regarding when controls should be applied and when autonomy should be allowed		X	
Identify the key core assets to leverage for the new business		X	
Create the right level of separation to protect and shield the new business from the core	X		




### Star Model Organization Design Decision Tools

#### Is CB, Inc. Ready for a Matrix?

A matrix is most successful if it is deployed in an organization with strong interpersonal networks and clear and disciplined work and management processes. Use this assessment to determine where CB, Inc. needs to build underlying capabilities that will help a matrix succeed.

<i>Interpersonal Skills</i>					
	Weak				Strong
Opportunities to build networks and relationships: <ul style="list-style-type: none"> <li>• People are introduced to others in the organization and there are directories of skills, knowledge, experience</li> <li>• Forums bring people together across business and functions (training, meetings, seminars, intranet sites, etc.)</li> </ul>		X			
Staff can use the tension created by the matrix to collaborate rather than compromise because: <ul style="list-style-type: none"> <li>• They can understand from senior management the criteria for trade-offs</li> <li>• There are established rules for escalation</li> <li>• Parameters for acceptable risk have been defined and illustrated by example</li> </ul>		X			
Managers who share resources work well together: <ul style="list-style-type: none"> <li>• Expectations, objectives, and priorities are jointly set</li> <li>• Managers make the time to align their agendas and create clarity for the people who report to them</li> <li>• When priorities change, the managers resolve conflicts so that they neither “drop” onto the matrixed manager or have to be escalated up</li> </ul>	X				
A culture of teamwork, demonstrated by: <ul style="list-style-type: none"> <li>• Joint accountability, both when things go well and when they go wrong</li> <li>• Frequent giving of credit to others</li> <li>• Recognition of those who demonstrate collaborative behaviors</li> <li>• Sharing of information</li> </ul>		X			
<i>Work Processes</i>					
	Weak				Strong
Clarity around how work flows across the organization: <ul style="list-style-type: none"> <li>• New work processes have been mapped with the actual people in the matrixed positions to anticipate and clarify gray areas and new ways of working</li> </ul>		X			

<p>Clarity around how information flows across the organization:</p> <ul style="list-style-type: none"> <li>• There are formalized processes for how decisions are made, conflicts are resolved or escalated, problems are solved, and information is communicated</li> </ul>		X			
<p>Clarity around roles and responsibilities:</p> <ul style="list-style-type: none"> <li>• Everyone understands the expectations of their role and others' roles, the boundaries between roles, the purpose and expectations of the various new coordinating roles</li> <li>• Overlaps among roles are minimized</li> <li>• Gaps are minimized; all work is accounted for</li> </ul>		X			
<b>Management Processes</b>					
		<b>Weak</b>		<b>Strong</b>	
<p>Governance mechanisms resolve issues quickly and at the right level:</p> <ul style="list-style-type: none"> <li>• Councils, committees, and steering committees have been chartered and operate effectively to cut across the normal hierarchy and get the right people talking to one another about customers, objectives conflicts, resources, and performance on a regular basis.</li> </ul>			X		
<p>Efficient and effective meetings:</p> <ul style="list-style-type: none"> <li>• The right people are invited to ensure that perspectives along all dimensions of the matrix are represented when needed</li> <li>• Meetings are structured and facilitated to result in outcomes that meet both enterprise and LOB needs</li> </ul>		X			
<p>There is minimum management "rework":</p> <ul style="list-style-type: none"> <li>• When decisions are made they "stick", and are not reopened or revisited</li> <li>• Decisions are communicated and supported consistently by managers</li> <li>• Managers have built a high enough level of trust that decisions can be made by the minimum number of people necessary</li> <li>• There are upward feedback mechanisms that inform managers of how well they are doing</li> </ul>	X				

<p>There is a clear process for objective setting and performance management:</p> <ul style="list-style-type: none"> <li>• Performance appraisal that gathers relevant input and makes clear the weight of each manager’s input</li> <li>• Peer feedback mechanisms that promote a culture of collaboration and measure “How easy and I to work with?”</li> <li>• The reward systems make “heroes” of those who demonstrate the values, and give incentives for team and collaborative behavior</li> </ul>			X		
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## Star Model Organization Design Decision Tools

### Structural Options (Design Options)

When designing an organization, you have a wide number of options to choose from to use as the structural building blocks. The table outlines some advantages and disadvantages of various options. Depending on your organization’s strategy, the ability of the management team to deal with complexity, the makeup your team, and other variables, some of these advantages or disadvantages may be more significant than others.

Option	Advantages	Disadvantages
<p><b>1. Function</b> Organized around major activity groups such as research and development, operations, marketing, finance, human resources</p>	<ul style="list-style-type: none"> <li>• Increased knowledge sharing within functions</li> <li>• Ability to build depth and specialization—attracts and develops experts who “speak the same language”</li> <li>• Leverage with vendors</li> <li>• Economies of scale</li> <li>• Standardization of processes and procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to manage diverse product and service lines</li> <li>• Cross-functional processes cause contention</li> <li>• Different departments have different priorities; the customer's interest can get overlooked</li> <li>• Integration tends to occur only at the leadership team level</li> </ul>
<p><b>2. Geography</b> Organized around physical locations such as states, countries, or regions</p>	<ul style="list-style-type: none"> <li>• Local focus and customization</li> <li>• Relationships with active local governments</li> <li>• Reduces transportation costs</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to mobilize and share resources across regional boundaries</li> </ul>
<p><b>3. Product</b> Organized into product divisions, each with its own functional structure to support product lines</p>	<ul style="list-style-type: none"> <li>• Rapid product development cycles</li> <li>• Focus allows for “state of the art” research</li> <li>• Profit and loss responsibility for each product is located at the division level with a general manager</li> <li>• Positive team identity develops around product lines—clear line of sight between decisions and success of business</li> </ul>	<ul style="list-style-type: none"> <li>• Divergence among product lines in focus and standards</li> <li>• Loyalty to product division may make it hard to recognize when a product should be changed or dropped</li> <li>• Duplication of resources and functions</li> <li>• Lost economies of scale when functions are spread out</li> <li>• Multiple points of contact for the customer</li> </ul>
<p><b>4. Customer</b> Organized around major market segments such as client groups, industries, or population groups</p>	<ul style="list-style-type: none"> <li>• Customize for customers</li> <li>• Build in-depth relationships and customer loyalty</li> <li>• Create more value-added product and service bundles and solutions</li> <li>• Avoid commoditized products and competition on price alone</li> </ul>	<ul style="list-style-type: none"> <li>• Divergence among customer/market segments in focus and standards</li> <li>• Duplication of resources and functions</li> <li>• Challenge of measuring customer profitability and identifying appropriate segments</li> </ul>

### Centralization—Decentralization (Design Options)

For each decision or activity that you propose to centralize (whether at a business unit, regional, or corporate level), be sure that the rationale is clear and the potential consequences have been

## Star Model Organization Design Decision Tools

anticipated and accounted for. Use the following guide to test your thinking. This tool may also be useful when communicating the logic behind decisions made. Check all items that apply.

### Rationale for Centralization

We are proposing to centralize this decision/activity because it will:

Note: CB, Inc. President stated the organization is not at a point to consider decentralization. This is something that would be considered as the organization grows.

### Rationale for Centralization

We are proposing to centralize this decision/activity because it will:

- Build shared culture and values and drive and maintain common standards (for systems, risk, behavior, and so on)
- Force cross-functional behavior between otherwise insular groups
- Allow economies of scale and more efficient resource allocation of the organization's "public goods" (such as IT services, purchasing, HR, marketing, finance, operations)
- Build specialized knowledge and allow efficient use of those resources with specific skills or deep expertise (for example, for high-value, high-volume, or complex vendor relationships)
- Aid in the institutionalization of best practices
  - Leverage our size when buying or negotiating with partners, suppliers, or customers
  - Remove infrastructure concerns so that the business units can focus on the business
  - Allow common metrics
- Provide a way to bring together business units that have a lot of variety into more common ways of working (for instance, after an acquisition)
  - Provide easier movement of top talent across business lines (through common business and management processes)
  - Streamline processes in anticipation of outsourcing

## Star Model Organization Design Decision Tools

### Anticipated Consequences of Centralization

These are some of the likely consequences of centralization if it is not managed well, and this is what we propose to do from the very beginning to mitigate them:

- Decisions will be slow; added time will be needed to negotiate all of the requirements and come up with a solution to meet everyone's needs.
  - To avoid this, CB, Inc. will be setup to be nimble.

### Multidimensional Structure (Design Options)

In a multidimensional, multinational network, a key decision is the balance of power among the various dimensions. One of the most common networks used is one composed of geographic and business/product dimensions. This tool can aid in making these decisions and communicating the rationale behind them.

Note: CB, Inc. President stated the organization is not at a point to consider decentralization. This is something that would be considered as the organization grows.

### How Separate Does the New Venture Need to Be? (Design Options)

Breakthrough innovations for organic growth often result in the creation of new business units. As discussed in Chapter Six, an important decision is how much to separate the new venture from the core business. This is not an either-or choice. In addition to separation and integration, there are the options of leveraging assets first and then separating the venture out, or separating it out first with the intention of later integration.

### Likelihood of Conflicts (CB, Inc. President stated conflicts are likely high due to parent company unclear customer and market segment strategy)

The possibility for conflicts is greater if the new business:

- May undermine the value of the existing business (for example, become a low-cost competitor or represent a replacement technology)
- Take away customers or change the service level
- Defocus employees or confuse customers with conflicting activities and priorities
- Move customers from high-value to low-margin products

### Divergence in Business Models

- Business models diverge when there is marked difference in:
  - Customers and markets served
  - Cost structures and revenue sources
  - Distribution channels and supply networks
  - Talent profiles needed

## Appendix D

### Developing Design Criteria Sessions

**Participants:** CB, Inc. President and Parent Company Business Development Manager

Introduction:

- **Design Principles** are the unwavering rules/values that govern the design process. **Design Criteria** are the conditions that must be met in order for the design to serve its purpose and produce desired outcomes. Design options will be measured and evaluated against the criteria.
- Developing design principles and design criteria based upon strategic business goals and the desired future state of the organization is a critical step in determining the appropriate organization design.
- Gaining an understanding of the organization’s customer, product, process, role, key people, and current organization will support the development of design criteria that will ultimately guide the design process towards the ideal organization construct.

#### Session 1: Brainstorm design principles and criteria

To brainstorm design criteria, complete the following sentence: “In order to achieve our business strategy, our organization needs to be able to \_\_\_\_\_ better than the competition.”

Results:

Design Principles	Design Criteria
<p>Create a diverse revenue stream, separate from parent company, in order to build profit for reinvestment.</p>	<ul style="list-style-type: none"> <li>• CB, Inc. uses existing [parent company] capabilities, modify, and transfer to completely new customers. (ex. safety culture as it would relate to medical facilities)</li> <li>• CB, Inc. pursues opportunities that are an extension of parent company but does not compete with and does not only include “scraps” from the parent</li> <li>• CB, Inc. is positioned to develop mentor protégé, joint venture partnerships</li> <li>• CB, Inc. leadership provides clear direction on what is or is not done by parent company</li> </ul>

<p>Create a defined rate structure separate from parent company</p>	<ul style="list-style-type: none"> <li>• CB, Inc. establishes a lean, efficient structure allowing CB, Inc. to be a lower cost provider on complementary parent company products/services.</li> <li>• Develops competitive internal rates and pricing structures</li> </ul>
<p>Build a agile, nimble, flexible organization that operates efficiently, effectively, and is less bureaucratic than the parent company.</p>	<ul style="list-style-type: none"> <li>• Has a developed CB, Inc. vs. parent company scoring worksheet allowing for fast track approvals</li> </ul>
<p>Create an innovation hub/tech transfer organization that is an incubator for new ideas/concepts that can be transferred to the market.</p>	<ul style="list-style-type: none"> <li>• CB, Inc. follows the \$\$, address inequities (public &amp; private)</li> <li>• CB, Inc. has a structure to license technology</li> </ul>
<p>Strategic use of human capital</p>	<ul style="list-style-type: none"> <li>• Where possible, CB, Inc. utilizes parent company (utility players) resources providing opportunities for parent company employees and helps CB, Inc. remain agile and lean</li> <li>• CB, Inc. identifies and vets strategic hires based on market space and opportunity</li> <li>• CB, Inc. identifies and leverages innovative leaders and industry partners with a startup/networking mentality to help identify business opportunities, vet small business partners, and lead capture efforts.</li> </ul>
<p>Compliance &amp; Independence</p>	<ul style="list-style-type: none"> <li>• CB, Inc. creates a structure that maintains arms-length relationship with parent company not allowing excessive influence or control.</li> <li>• CB, Inc. establishes structure and processes to avoid and or mitigate organizational conflict of interest with parent company</li> </ul>



Identify the gap between CB, Inc.’s current state and the organization you want to build.

Design Criteria	Current State Issue/Ideas	Changes to Address Gap
<p>CB, Inc. uses existing [parent company] capabilities, modify, and transfer to completely new customers. (ex. safety culture as it would relate to medical facilities)</p>	<p>Parent company growth strategy and market segments are unclear making it difficult to determine where CB, Inc. can best play a role.</p>	<p>Conduct strategic session with parent company executives to establish clear lanes between CB, Inc. and parent company</p>
<p>CB, Inc. pursues opportunities that are an extension of parent company but does not compete with and does not only include “scraps” from the parent</p>	<p>Parent company growth strategy and market segments are unclear making it difficult to determine where CB, Inc. can best play a role.</p>	<p>Conduct strategic session with parent company executives to establish clear lanes between CB, Inc. and parent company</p>
<p>CB, Inc. develops mentor protégé, joint venture partnerships</p>	<p>Limited experience and no established processes for identifying, vetting, and creating partnerships.</p>	<p>Following best practices of other organizations, develop and document a process.</p>
<p>Establish a lean, efficient structure allowing CB, Inc. to be a lower cost provider on complimentary parent company products/services.</p>	<ul style="list-style-type: none"> <li>• Staff limited to president and corp secretary. Have the ability to utilize parent company resources.</li> <li>• Current revenue not sufficient to support additional staff</li> </ul>	<p>Establish a structured process for utilizing parent company staff resulting in a matrixed organization while growing revenue base leading to additional CB, Inc. hires</p>
<p>Develop internal rates and pricing capabilities</p>	<ul style="list-style-type: none"> <li>• Individuals within parent company with this skill set are not out of the box thinkers</li> </ul>	<p>Grow revenue to hire thinkers or incentivize</p>

<p>Develop a CB, Inc. vs. parent company scoring worksheet allowing for fast track approvals and providing clearer direction on what is or is not done by parent company</p>	<p>Parent company growth strategy and market segments are unclear making it difficult to determine where CB, Inc. can best play a role.</p> <p>*Worksheets exists</p>	<p>Conduct strategic session with parent company executives to establish clear lanes between CB, Inc. and parent company</p>
<p>Where possible, utilize parent company (utility players) resources. This will provide opportunities for parent company employees as well as help CB, Inc. remain agile and lean</p>	<ul style="list-style-type: none"> <li>• Parent company resources may not align with strategic pursuits (skills/capabilities)</li> <li>• Limited access to entrepreneurial, network oriented resources</li> </ul>	<p>Grow revenue for strategic hires</p>
<p>Create an innovation hub/tech transfer organization that is an incubator for new ideas/concepts that can be transferred to the market.</p> <p>Follow the \$\$, address inequities (public &amp; private)</p>	<ul style="list-style-type: none"> <li>• Outside of parent’s capabilities / market</li> <li>• Additional investment funding would be required to pursue this type of startup.</li> <li>• Parent company commitment/priority to support longer term to develop this type of design</li> <li>• SWOT unknown</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct SWOT analysis, lit review to support design possibility and needs</li> <li>• Dependent on the above, create investment request to parent company</li> </ul>
<p>Build a structure to license technology</p>	<ul style="list-style-type: none"> <li>• Complimentary to parent company tools</li> <li>• Additional investment funding would be required to pursue this type of startup.</li> <li>• Parent company commitment/priority to</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct SWOT analysis, lit review to support design possibility and needs</li> <li>• Dependent on the above, create investment request to parent company</li> </ul>

	<p>support longer term to develop this type of design</p> <ul style="list-style-type: none"> <li>• SWOT unknown</li> </ul>	
Identify and vet strategic hires based on market space and opportunity	Market space and opportunities unknown. Need to better understand parent company strategic path in order to define CB, Inc.'s strategic path	Conduct strategic session with parent company executives to establish clear lanes between CB, Inc. and parent company
Identify and use innovative leaders with a startup/networking mentality to help identify business opportunities, vet small business partners, and lead capture efforts.	<ul style="list-style-type: none"> <li>• Parent company resources are limited on entrepreneurial, network oriented skills/capabilities</li> <li>• CB, Inc. does not have a dedicated growth officer</li> </ul>	Grow revenue
Create a structure that maintains arms-length relationship with parent company not allowing excessive influence or control.	Work closely with general counsel	Conduct strategic session with parent company executives to establish clear lanes between CB, Inc. and parent company
Establish a structure and processes to avoid organizational conflict of interest with parent company	No COI because no current work	Conduct strategic session with parent company executives to establish clear lanes between CB, Inc. and parent company

Session 2: Prioritize Top 5 Design Criteria

Design Criteria	Current State Issue/Ideas	Changes to Address Gap
<p>CB, Inc. uses existing [parent company] capabilities, modify, and transfer to completely new customers. (ex. safety culture as it would relate to medical facilities)</p>	<p>Parent company growth strategy and market segments are unclear making it difficult to determine where CB, Inc. can best play a role.</p>	<p>Conduct strategic session with parent company executives to establish clear lanes between CB, Inc. and parent company</p>
<p>CB, Inc. pursues opportunities that are an extension of parent company but does not compete with and does not only include “scraps” from the parent</p>	<p>Parent company growth strategy and market segments are unclear making it difficult to determine where CB, Inc. can best play a role.</p>	<p>Conduct strategic session with parent company executives to establish clear lanes between CB, Inc. and parent company</p>
<p>Establish a lean, efficient structure allowing CB, Inc. to be a lower cost provider on complimentary parent company products/services.</p>	<ul style="list-style-type: none"> <li>• Staff limited to president and corp secretary. Have the ability to utilize parent company resources.</li> <li>• Current revenue not sufficient to support additional staff</li> </ul>	<p>Establish a structured process for utilizing parent company staff resulting in a matrixed organization while growing revenue base leading to additional CB, Inc. hires</p>
<p>Where possible, utilize parent company (utility players) resources. This will provide opportunities for parent company employees as well as help CB, Inc. remain agile and lean</p>	<ul style="list-style-type: none"> <li>• Parent company resources may not align with strategic pursuits (skills/capabilities)</li> <li>• Limited access to entrepreneurial, network oriented resources</li> </ul>	<p>Grow revenue for strategic hires</p>

Identify and use innovative leaders with a startup/networking mentality to help identify business opportunities, vet small business partners, and lead capture efforts.

- Parent company resources are limited on entrepreneurial, network oriented skills/capabilities
- CB, Inc. does not have a dedicated growth officer

Grow revenue

