**USC**Marshall

**MOR555 Designing High-Performance Organizations**

**Spring 2018—Wednesday—6:30-9:30PM**

**Location: JFF 236**

**Instructor: Ken Perlman**

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**Office Hours:** By appointment

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**Course Description**

Businesses and organizations of all kinds today face unprecedented challenges. Across virtually every industry, managers are confronted with new conditions of rapid technological change, intense global competition, changing legislative landscapes, and growing demands for social responsibility. As traditional sources of competitive advantage are being eroded, organizational effectiveness is becoming an increasingly crucial factor in the survival and performance of organizations.

How do you operate in, lead and/or design a high-performance organization? Research and practical experience have demonstrated that organizations are most effective when it (a) develops a strategy that fits the demands of the external environment and (b) adopts an organization design that enables it to effectively implement that strategy. Organization design refers to the arrangement of the organization’s formal and informal structure as well as its processes, staffing, rewards, and culture. Both strategy and organization design are essential: a great organization without a strategy doesn’t know where it’s going; but an organization with a great strategy and a poor organization design cannot get there.

This course aims to prepare you to contribute to, or lead, in the design of high-performance organizations – either as an internal participant in the operation or as an external consultant to the organization.

**Learning Objectives**

The overall learning objective is to prepare you to have insightful conversations about evaluating, selecting, and implementing among design options based on the circumstances and environment of a given organization.

By the end of this course, successful participants will be able to:

* Use theories, frameworks and examples to diagnose organizational design problems;
* Assess whether an organization’s design will support its business strategy, its key tasks, and the demands of the external environment;
* Distinguish among emerging, timeless and fading challenges and trends in org design;
* Develop compelling arguments for organization redesign proposals;
* Align strategy, structure, rewards, people, systems, and culture for peak performance;

The most valuable learning in this course will occur when you develop an understanding of conceptual material and then apply concepts effectively to real situations. While we will discuss numerous conceptual frameworks and theories, we will focus on developing real-world applications, analysis and corrective action. To help you achieve maximum value from this class, the course combines theory and application. There are two resources for the theory component—a text, *Organizational Theory and Design*, by Richard L. Daft (12th edition); and course readings, mostly available online or through USC’s electronic library reserves system (ARES). The text will provide wide breadth concerning conceptual frameworks used in organizational theory, design and change, while the selected articles will offer depth and contemporary analyses of topics. Cases, current event, and guest speakers will provide an opportunity for us to apply the theory. Classes will include case analysis, article analysis, discussion of material from text and current events, and speaker presentations. The heart of the learning process is our class discussions and your case analysis efforts. Moreover, the amount of learning you accomplish will be a direct function of your personal involvement in these activities.

We will endeavor to create a supportive environment for our discussions, and we expect students to contribute to that goal. Our aim is make the class a “learning community,” where we can all learn from and with each other. This requires active participation and respect for each other’s contributions.

**Required Materials**

* *Organizational Theory and Design*, by Richard L. Daft (12th edition);
* Course Reader, available at the Bookstore (See Appendix A for content);
* Marshall Electronic Library; Blackboard;
* Access to the current business press;

**Prerequisites:** Open to graduate business students.

**Course Notes**

Copies of course lecture notes/materials, further details on assignments, and general course announcements will be posted on Blackboard throughout the semester. Please check the course folder daily. You can access Blackboard through the “My Marshall” portal http://mymarshall.usc.edu, or directly: https://blackboard.usc.edu.

Important: E-mails sent to the class originate from the Blackboard system, and will also be archived as Announcements on Blackboard. It is your responsibility to ensure that your e-mail address and account settings in Blackboard are correct for you to receive messages. If you need to send us an e-mail, you may do so through the Blackboard system.

**Grading Breakdown**

The components of the final course grade will be weighted as follows

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| --- | --- |
| **Element** | **Percentage** |
| Participation | 15% |
| Midterm Examination | 20% |
| Team case analysis and presentation 1 | 20% |
| Team case analysis and presentation 2 | 20% |
| Final examination | 25% |
| Total | 100% |

**Class Participation**

Because this class is built on in-class discussion and analysis, class attendance and active participation are essential to your learning. Pre-class preparation is crucial. You should complete all assignments in advance, and be prepared to describe the central ideas and offer your critical analysis of readings and cases (See Appendix B). You are expected to prepare for speaker visits by doing research on their companies. This preparation will help you to ask meaningful questions and gain maximum benefit from the opportunity these visits afford. In addition, you are expected to read the business press, find online articles and videos pertaining to the topics covered in the course.

To encourage you to participate actively in class, we will cold call, and we will grade class participation. Class participation will provide a material portion of your grade. Our logic for grading class participation is quite simple: Grading of class participation motivates class participation, and having highly interactive class sessions helps the learning process. Active class participation encourages students to be well prepared and thus to become active, rather than passive, learners. Participation provides students with the opportunity to gain from the experiences and talents of everyone in the class. And class participation helps students improve their oral communication skills. This is important because research shows that people in business tend to spend very little time reading and even less time writing reports. A great deal of managers’ and other professionals’ interactions with others are through oral communication.

Class participation evaluations will be based primarily on the quality of the contributions to our classroom discussions. To help you understand what we are looking for regarding class participation, we have listed below some questions we will try to answer in evaluating class participation:

1. Does the class member make points that are especially pertinent to the discussion? Do they increase the understanding of the class or are they simply a regurgitation of the problem or case facts?
2. Is there continuity in one's contribution from what has been said previously during class, or are the comments disjointed, isolated, or tangential? The best class contributions are those that reflect not only excellent preparation, but also good listening, interpretive and integrative skills.
3. Do the comments reflect a willingness to put forth new, challenging ideas or are they always agreeable and "safe"?
4. Is the participant able and willing to interact with others by asking questions, providing supportive comments or challenging constructively what has been said?

We will evaluate participation on a scale, the end points of which can be described as follows:

* Outstanding Contributor: This person's contributions reflect exceptional preparation, and the ideas offered are always substantive and provide major insights and direction for the class. If this person were not a member of the class, the quality of the discussions would be diminished significantly.
* Unsatisfactory Contributor: This person may be absent from class or rarely participates in class discussion. Alternatively, this person’s contribution in class reflects inadequate preparation and/or understanding. Ideas offered are not substantive and provide few, if any, insights and rarely or never a constructive direction for the class. Integrative comments and effective arguments are absent. Class comments are either obvious, isolated from the main discussion, or confusing to the class.

If you are not present, are late, or leave early, you will lose points for class contribution. Each student is allowed two absences, no questions asked and no penalty. However, since you cannot participate if you are not present, all further absences will reduce the student's course grade, at the rate of one-third a letter grade for every additional absence. Students with an excessive number of absences are at risk of failing the course.

If an emergency has prevented you from thorough preparation in a particular class, please let us know in advance to spare us both the embarrassment of cold calling on you.

**Midterm Examination**

The midterm examination will consist of multiple types of questions (i.e. may include short answer, essay, analysis of a case or article etc.). You are expected to arrange your schedule to be present for the midterm examination. In the event a student is absent for the midterm, a makeup exam or assignment will be given, but the student will incur a grade penalty of 20% on the makeup exam/assignment. A student must take the final exam AND complete all other course requirements to receive a passing grade for the course.

**Team Case Presentations (2)**

Students will form teams in the early class sessions. These teams will be responsible for two case presentations. We will post preliminary assignments early in the semester.

Each team will do two presentations of cases during the semester. The team will present its analysis to the class, using PowerPoint slides and whatever other visual aids they find useful. The opening presentations should range from 12 to no more than 15 minutes. Your team will submit an electronic copy of your “talking document” – Slides, PowerPoint Notes, Word document, and Appendices—on preceding Tuesday morning by 7:00 AM. Be sure to write the course number (MOR 555), your group number, and the name of the case in the subject line of the email.

These presentations and the discipline you will learn by doing them are one of the things about this course that students find most valuable. Your career in management depends crucially on the skills these presentations rely on — your ability to reason your way through the maze of considerations to get to the heart of the matter, your ability to communicate complex arguments effectively, and your ability to lay out the logic of a recommendation.

**Teamwork and Peer Feedback /Evaluation**

This course relies heavily on teamwork. In addition to the team assignments, we strongly encourage you to meet in teams to prepare for class. Your learning from this course will be greatly augmented by team preparation.

Following the first team case presentation, students should complete the appended Peer Feedback form. This form is designed to help your team identify and addresses any “team process” issues after the first major team assignment, so as to enhance team effectiveness for the second team presentation. After the first presentation, this form should be completed, sent to each of your team members and discussed in a team meeting. The Peer Feedback form is for you to provide feedback for your team and can be shared with me as you wish.

**Course Schedule: A Weekly Breakdown**

| Weeks | **Dates** | **Topics/Daily Activities** | **Readings and Homework** | **Cases** |
| --- | --- | --- | --- | --- |
| Week 1 | 1/10 | Introduction and overview | * Course Syllabus | N/A |
| Week 2 | 1/17 | Organization Design and Alignment | * Daft 1: Organizations and Organization Theory * Tushman & O’Reilly, Managerial problem solving | Rondell Data (in Daft) |
| Week 3 | 1/24 | Strategy, Effectiveness | * Daft 2: Strategy, Organization Design, and Effectiveness | * Corporate Solutions at Jones Lang La Salle |
| Week 4 | 1/31 | Organizational Structures | * Daft 3: Fundamentals of Organization Structure | * Cisco Business Councils (2007) |
| Week 5 | 2/7 | External Environment | * Daft 4: The External Environment | * Riot Games |
| Week 6 | 2/14 | Interorganizational Relationships | * Daft 5: Interorganizational Relationships * Stuckey and White, When and When Not to Vertically Integrate * Burgelman and Doz, The Power of Strategic Integration | * Organization and Strategy at Millennium(A) |
| Week 7 | 2/21 | Global Organizations | * Daft 6: Designing Organizations for the International Environment * Strategy+Business: 10 Principles of Organization Design | * Proctor & Gamble in 2005 (A) |
| Week 8 | 2/28 | Tasks & Technology | * Daft 7: Manufacturing and Service Technologies * Daft 8: Using Information Technology for Control and Coordination * Duhigg, What Google Learned From Its Quest to Build the Perfect Team * Google re:Work Guide: Understand team Effectiveness | * Zappos |
| Week 9 | 3/7 | Mid-Term Exam | * Tribal Leadership – Chapters 1& 2 | * Mid-Term Exam |
| Week 10 | 3/14 | USC Spring Break | * N/A | * N/A |
| Week 11 | 3/21 | Data & Controls | * Daft 9: Organization Size, Life Cycle, and Decline. | * Virginia Mason Medical Center |
| Week 12 | 3/28 | Rewards & Incentives | * Pfeffer and Sutton, do Financial Incentives Drive Company Performance * Kerr, On the Folly of Rewarding A While Hoping for B | * Arck Systems |
| Week 13 | 4/4\* | Culture & Values | * Daft 10: Organizational Culture and Ethical Values | * Stone Finch |
| Week 14 | 4/11 | Innovation & Change | * Daft 11: Innovation and Change * Govindaranjan and Trimble, Stop the Innovation Wars * Worley and Lawler, Designing Organizations that are Built to Change | * Nike Women’s Fitness Business |
| Week 15 | 4/18 | Decision Making | * Daft 12: Decision-Making Processes * Perlman and Halton, How Coty Reinvigorated its Supply Chain * HBR: Rogers and Blenko, Who Has the D? | * The 2010 Chilean Mining Rescue (A) and (B). |
| Week 16 | 4/25 | Power & Conflict | * Daft 13: Conflict, Power, and Politics | * National Geographic Society |
| FINAL | 5/2-5/9 |  |  |  |

**Statement on Academic Conduct and Support Systems**

**Academic Conduct**

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences.  Please familiarize yourself with the discussion of plagiarism in *SCampus* in Section 11, *Behavior Violating University Standards* [https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions](https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/).  Other forms of academic dishonesty are equally unacceptable.  See additional information in *SCampus* and university policies on scientific misconduct, [http://policy.usc.edu/scientific-misconduct](http://policy.usc.edu/scientific-misconduct/).

Discrimination, sexual assault, and harassment are not tolerated by the university.  You are encouraged to report any incidents to the *Office of Equity and Diversity* <http://equity.usc.edu> or to the *Department of Public Safety* <http://adminopsnet.usc.edu/department/department-public-safety>.  This is important for the safety of the whole USC community.  Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person.  *The Center for Women and Men* http://www.usc.edu/student-affairs/cwm/ provides 24/7 confidential support, and the sexual assault resource center webpage <http://sarc.usc.edu> describes reporting options and other resources.

## **Support Systems**

A number of USC’s schools provide support for students who need help with scholarly writing.  Check with your advisor or program staff to find out more.  Students whose primary language is not English should check with the *American Language Institute* <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students.  *The Office of Disability Services and Programs* <http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html> provides certification for students with disabilities and helps arrange the relevant accommodations.  If an officially  declared emergency makes travel to campus infeasible, *USC Emergency Information* [*http://emergency.usc.edu*](http://emergency.usc.edu)will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.

**Appendix A – Course Reader Table of Contents**

**Readings**

* Tushman and O’Reilly, Managerial problem solving: A congruence approach (In Tushman and O’Reilly, Winning through innovation) (HBSP #2430BC)
* Stuckey and White, When and When Not to Vertically Integrate (SMR006-PDF-ENG)
* Burgelman and Doz, The Power of Strategic Integration (SMR063-PDF-ENG)
* Strategy+Business: 10 Principles of Organization Design (<https://www.strategy-business.com/article/00318>)
* Duhigg, What Google Learned From Its Quest to Build the Perfect Team (<http://www.nytimes.com/2016/02/28/magazine/what-googlelearned-from-its-quest-to-build-the-perfect-team.html?_r=0>)
* Pfeffer and Sutton, Do Financial Incentives Drive Company Performance (2565BC-PDF-ENG)
* Kerr, On the Folly of Rewarding A While Hoping for B (The Academy of Management Executive; Feb 1995; 9, 1; ABI/INFORM Global)
* Govindaranjan and Trimble, Stop the Innovation Wars (R1007F-PDF-ENG)
* Worley and Lawler, Designing Organizations that are Built to Change (SMR220-PDF-ENG)
* Perlman and Halton, How Coty Reinvigorated its Supply Chain (<https://hbr.org/2016/05/how-coty-reinvigorated-its-supply-chain>) (H02W0R-PDF-ENG)
* Rogers and Blenko, Who Has The D? How Clear Decision Roles Enhance Organizational Performance (R0601D-PDF-ENG)

**Cases**

* Corporate Solutions at Jones Lang LaSalle (2001) (409-111)
* Cisco Business Councils (2007): Unifying a Functional Enterprise with an Internal Governance System (409-062)
* Riot Games: Can Culture Survive Growth? (9-416-016)
* Organization and Strategy at Millennium (A) (710-415)
* Procter & Gamble: Organization 2005 (A) (707-519)
* Tony Hseih: Structure, Culture and Change (IN1249)
* Virginia Mason Medical Center (606-044)
* Arck Systems (911-056)
* Stone Finch, Inc.: Young Division, Old Division (3214)
* Nike’s Global Women’s Fitness Business: Driving Strategic Integration (SM-152)
* The 2010 Chilean Mining Rescue (A) and (B) (9-612-046) and (9-612-047)
* National Geographic Society (311-002)

**Supplemental Course Readings**

* Google re:Work – Guide: Understand team effectiveness <https://rework.withgoogle.com/guides/understanding-team-effectiveness/steps/introduction/>
* Logan, Dave. *Tribal Leadership* (Chapters 1-2)   
  <http://www.culturesync.net/wp-content/uploads/2012/06/tribal_leadership_chapter_1-2.pdf>

**Appendix B – Guidelines for Case Analyses and Presentation**

Corporate Solutions at Jones Lang LaSalle (2001)

1. Why did JLL reorganize in late 2000?
2. What was the rationale for creating the Corporate Solutions Group?
3. If you were Peter Barge, how would you go about convincing Bank of America that you were serious about
4. account management?
5. Should the account management function be a cost center or profit center? 5. Should Peter Barge recruit an internal or external candidate to be Bank of America’s account manager? 6. Propose a clear action plan on next steps Peter Barge should take to win the ongoing Bank of America business

Cisco Business Councils (2007): Unifying a Functional Enterprise with an Internal Governance System

1. Why did Cisco centralize marketing and R&D in 2001?
2. What were the tradeoffs and biggest downsides of the reorganization?
3. Why did Chambers create business councils? And why only a handful of councils? What challenges did Cisco  likely face in establishing the business councils? How did Cisco anticipate and deal with some of those challenges? Finally, what issues do you think remain unresolved?
4. If you were Chambers, how would you redesign the business councils to make them more effective? Be specific  as to the councils’ governance structure, resources, and incentive systems. What skill sets do employees working on the council need? Make sure to justify your choice for each dimension.

Riot Games

1. Describe Riot’s strategy. What is its source of competitive advantage? How do the organizational design, the corporate culture, and the human resources practices of Riot support the firm’s value proposition? What are the strengths and weaknesses of the company’s organizational design?
2. How would you describe the culture of Riot? How important is culture to Riot? Is it scalable and sustainable? What are the tradeoffs associated with Riot’s culture and with the specific practices used to develop their culture?
3. What are the elements of Riot’s talent management system that make it effective? What is the role of organizational culture and structure in managing human capital at Riot?
4. What are the challenges faced by the company?
5. What should Brandon Beck and Marc Merrill do to ensure Riot could grow in a sustainable way? What steps should management take to further strengthen Riot’s culture and develop its people practices to carry out its ambitious growth plans? Please devise an action plan. Please be specific.

Organization and Strategy at Millennium (A)

1. How would you characterize Millennium’s strategy from the beginning until 2005? What do you think about it?
2. Given that Millennium is now pursuing a strategy of a vertically-integrated biopharmaceutical company, and you  have just been put in charge, what are the critical factors or imperatives for the success of this strategy? (For  example, how important is coordination between upstream and downstream activities?)
3. As CEO, and given these strategic imperatives, what organizational changes would you make to execute the  strategy? Please be concrete and identify your top 3 priorities.

Procter & Gamble: Organization 2005 (A)

1. Why did the US organizational structure shift from product grouping in the 1950s to a matrix in the 1980s? Why did the European organizational structure shift from geographic grouping in the 1950s to category management in the 1980s? Why were the two structures integrated into a global cube in the 1990s?
2. What are the key distinguishing features of Organization in 2005? Why did P&G adopt this structure?
3. Should Lafley make a strong commitment to keeping Organization 2005 or should he plan to dismantle the  structure?

Zappos

1. Would you want to work at a place like Zappos before the transition to Holacracy? How about after? Why/Why not?
2. Why do you think Tony Hsieh is making this change? Why is he doing it now?
3. What do you make of the fact that 14% of the employees took Hsieh up on his offer?
4. What do you think this process feels like as an employee?
5. What, if anything, should Tony do now?

Virginia Mason Medical Center

1. What is Gary Kaplan trying to achieve at Virginia Mason?
2. How does the Toyota Production System fit into his strategy?
3. What is your view of the "people are not cars" debate?
4. Is Kaplan's approach transferable other U.S. hospitals?

Arck Systems

1. Plot the pay-to-performance relationship of Arck and Lux Software’s compensation plans. What are the key drivers of the difference in the pay to performance relationship between the two plans?
2. A number of elements in the two companies’ compensations plans are different. Which of these differences should most concern Bryan Mynor? Explain.
3. Why do you think the two companies’ compensations plans are so different?
4. Should Mynor propose scaling back Lux Software’s commission accelerators? Are there other changes to Lux  Software’s compensation plan that he should consider?

Stone Finch, Inc.: Young Division, Old Division

1. What is your assessment of Jim Billings’ performance as president of Stone finch? What do you think of his leadership style?
2. What is your assessment of the entrepreneurial subsidiary concept? How can companies manage the contradictions of managing existing products and innovation simultaneously?
3. What are the major problems that Jim Billings currently faces? How serious are these problems? How quickly should Billings act? And why?
4. What should Jim Billings do?

Nike’s Global Women’s Fitness Business: Driving Strategic Integration

1. Prior to the Change the Game proposal for global women’s fitness, how would you describe Nike’s strategy in the women’s market? What important lessons had been learned through these efforts to help shape the Change the Game proposal?
2. Describe the new strategy for global women’s fitness proposed by the Change the Game team.
3. What were the greatest internal and external barriers facing the team in implementing the new strategy? In  what ways did they manage these challenges well? What other recommendations would you make?
4. How will Nike’s latest reorganization potentially help the global women’s fitness team moving forward? What  potential risks should the group seek to manage?

The 2010 Chilean Mining Rescue (A) and (B).

*For the (A) case:*

1. What allowed the miners to survive, physically and psychologically, until they were found?
2. How would you characterize the challenge faced by the engineers and geologists in the first 17 days? What problem(s) did they have to solve?
3. How would you characterize the challenge faced by President Piñera? By Minister of Mining Golborne? What problem(s) did each man have to solve? With this in mind, what is your assessment of their decisions and actions?
4. What factors allowed the rescue teams to successfully locate and make contact with the miners?
5. What, if any, parallels do you see to the challenges your organization faces? What general leadership lessons can we identify from the Chilean rescue experience?

*For the (B) case:*

1. What is your assessment of the miners’ efforts after they were located and before they were rescued? What factors contributed to this?
2. What is your assessment of the efforts of the engineers and geologists in the (B) case? What problem(s) did they have to solve?
3. What explains the onsite rescue effort’s success?
4. What, if any, parallels do you see to the challenges your organizations faces? What general leadership lessons can we identify from the Chilean rescue experience?

National Geographic Society

1. What challenges does the changing mix of media and platforms present for National Geographic? How well positioned is the organization for responding to digital convergence? In particular, what is your evaluation of the Global Media Group?
2. What is your evaluation of National Geographic’s new mission? What are its advantages and disadvantages?
3. What is your assessment of the proposed shift toward attracting “members”?
4. What are the strengths and weaknesses of the proposed e-commerce position? To whom should it report?