



NAEMI Biomass & Business Training Workshop
**MANAGING THE GROWTH OF THE BUSINESS:
A KEY STEP IN TRIBAL BUSINESS DEVELOPMENT**

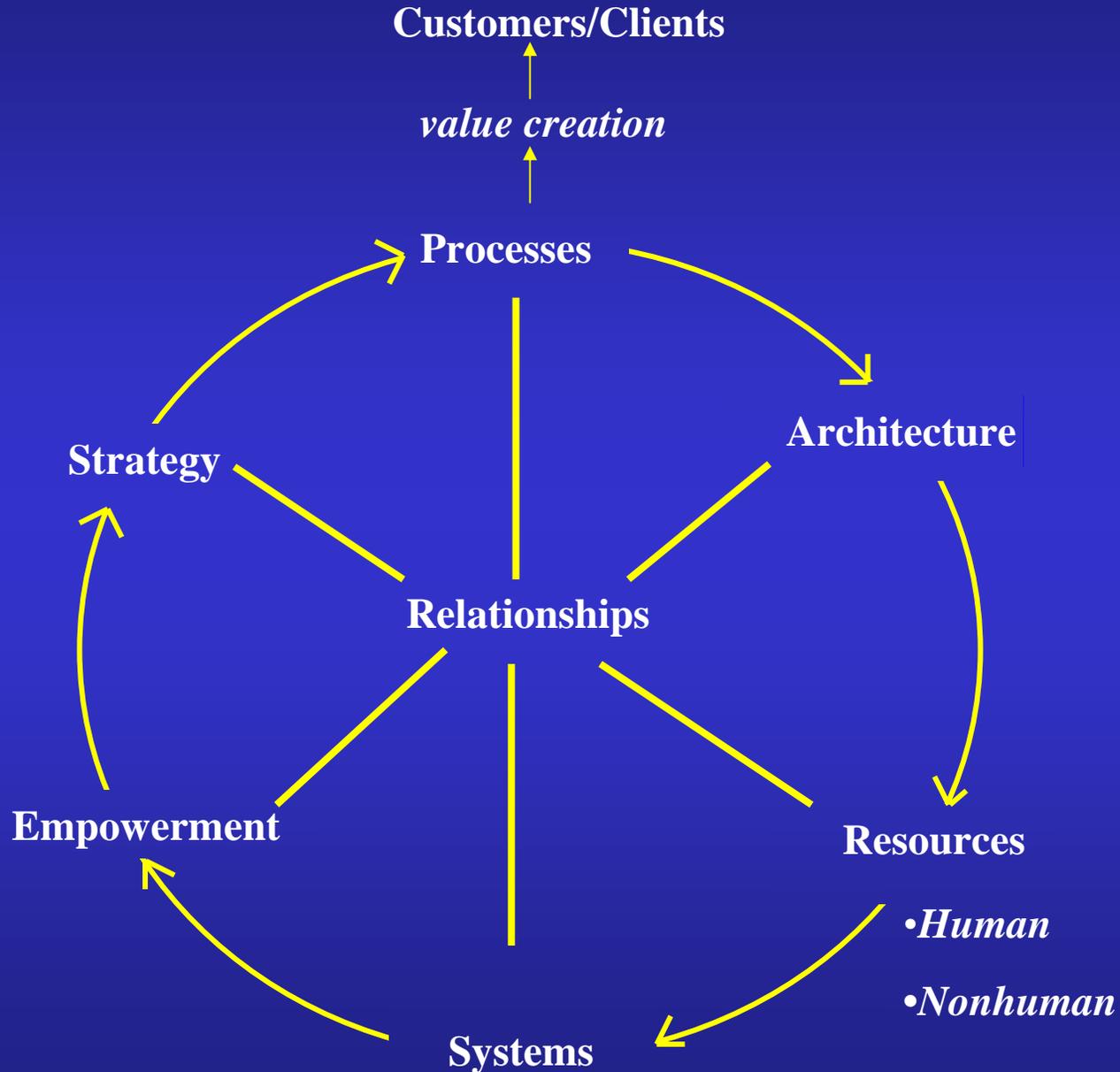
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Tuck School of Business at Dartmouth

Excellent customer-oriented firms...

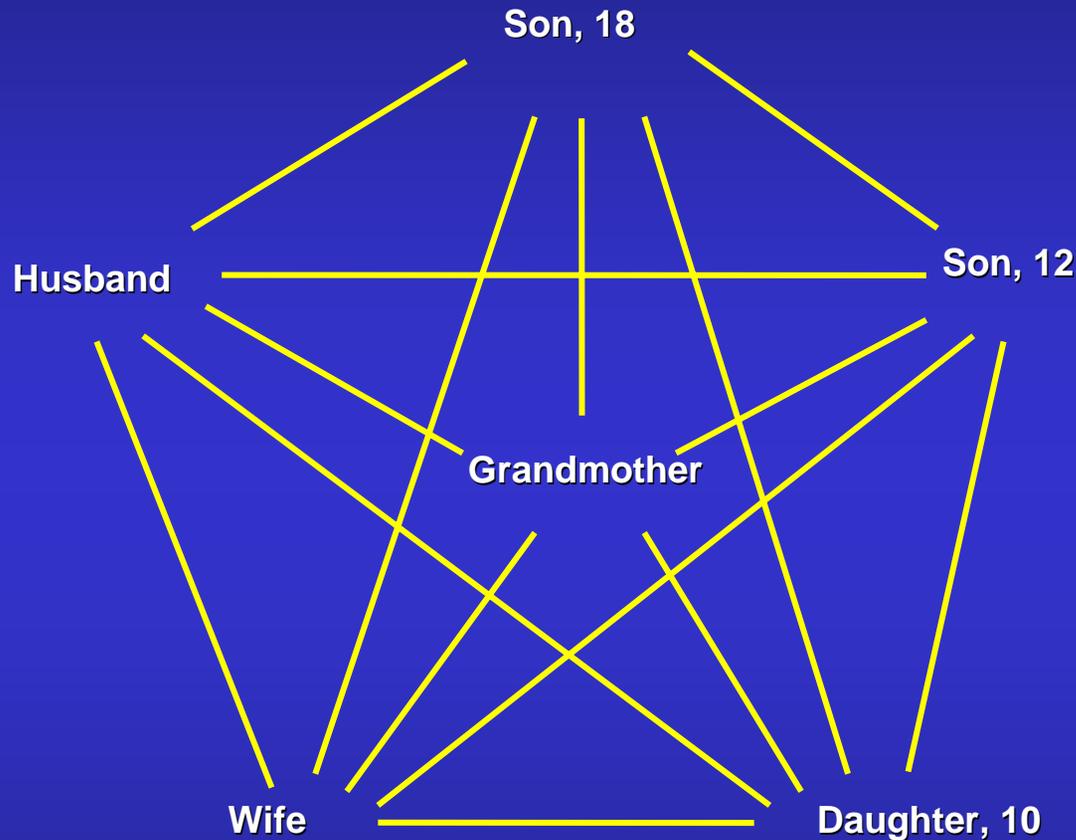
Have an operations strategy that is aligned with their value proposition, their systems and processes, and their structure, with employees empowered to create increasing customer value

*You need to ensure your business is properly **MANAGED***



*For how long have people been
managing organizations?*

The Cottage Industry, 1606



(this is the original, co-located multi-functional team)

They had a **local monopoly**

But they didn't exploit the situation;
they were *customer-focused*

- they charged reasonable prices
- they had an operations strategy that produced the highest quality they were capable of
- they worked harder than they needed to

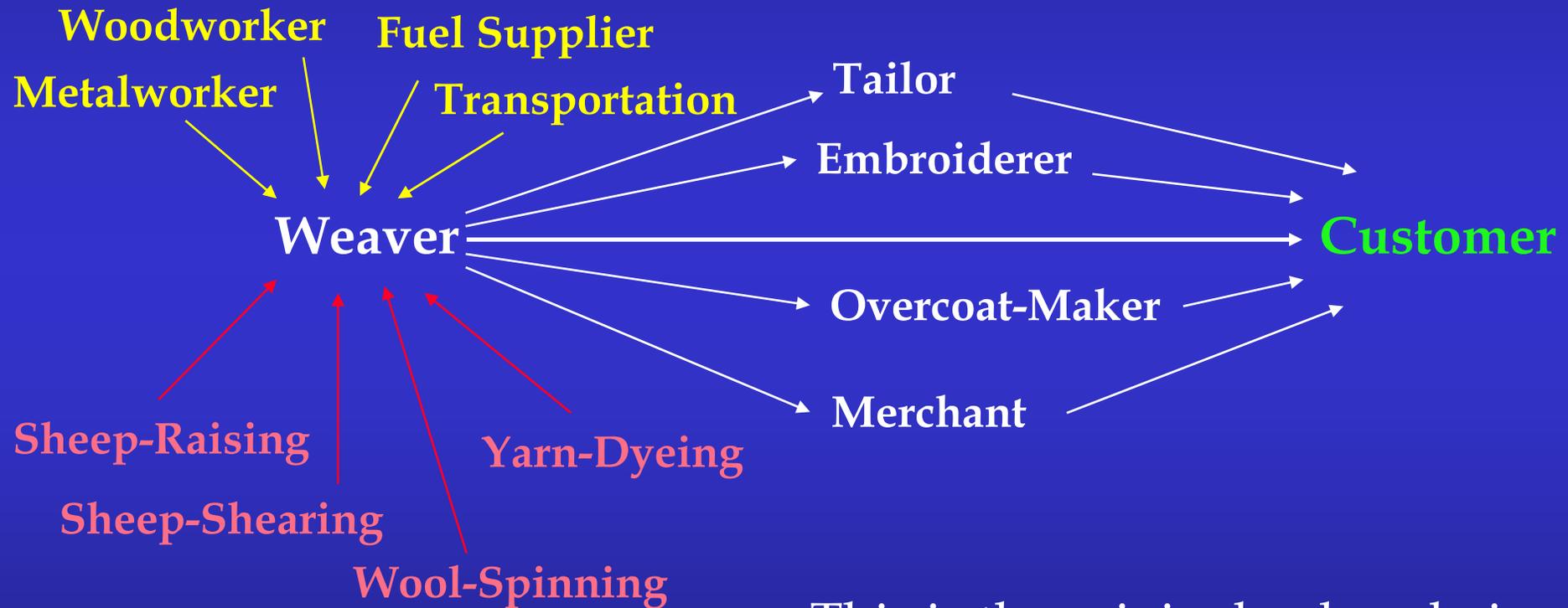
What motivated them?

In 1606, such relationships were preserved during growth

The same sense of commonwealth was preserved at the value-chain level.

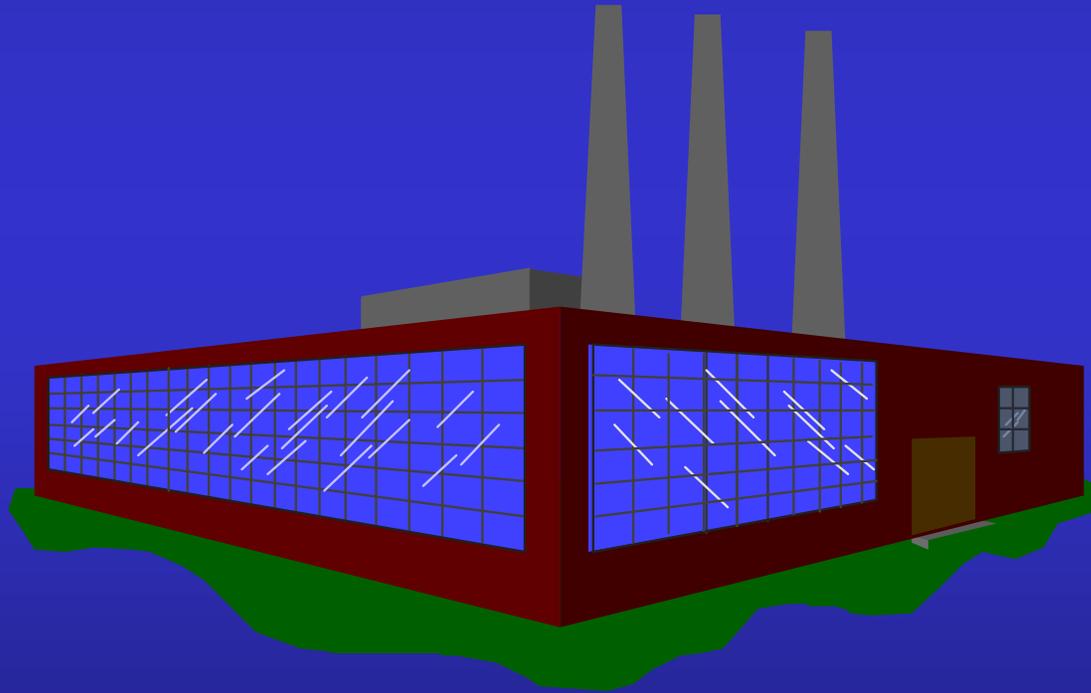
Let's see how...

Value-Chain Roles Based on Distinctive Competency

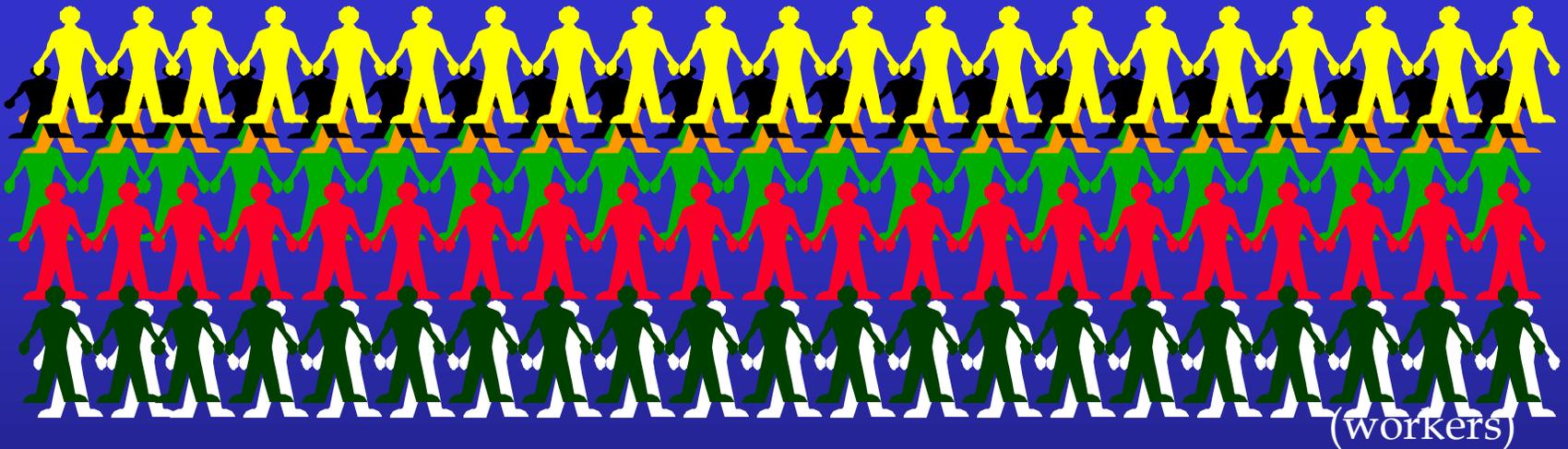


This is the original value chain:
It's a communal organization
(a network of relationships)

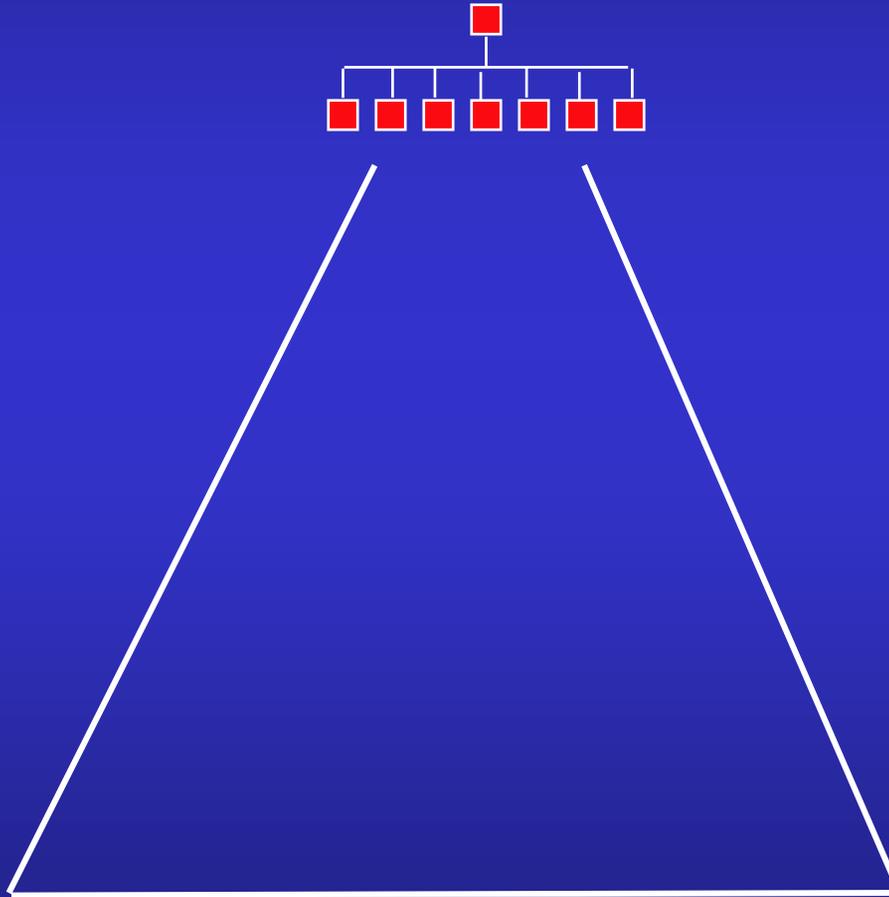
***The Industrial Revolution** produced
advantages of superior technology
and scale of operations*



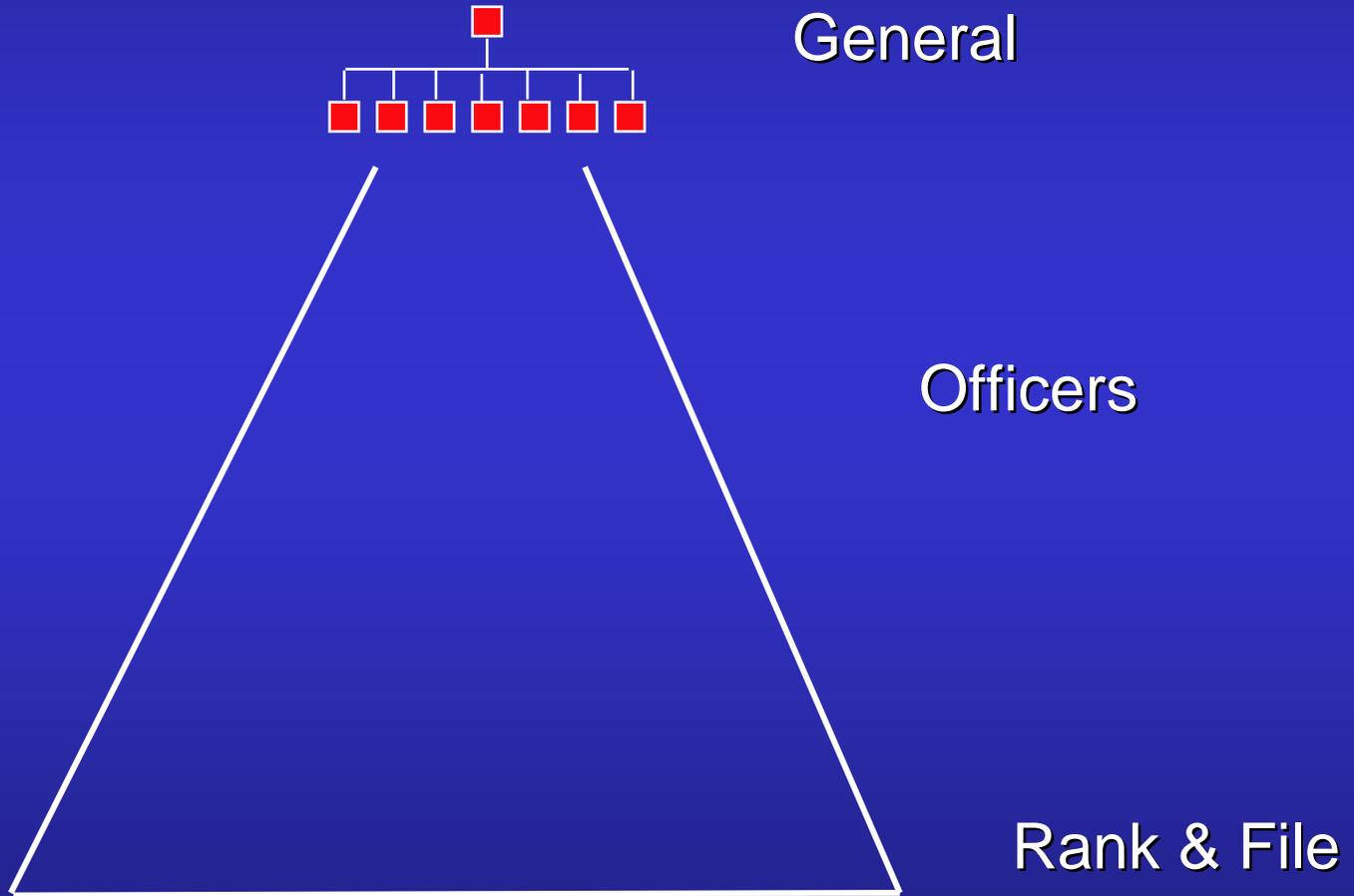
The problem with *scale* was the novelty of
organizing a lot of people



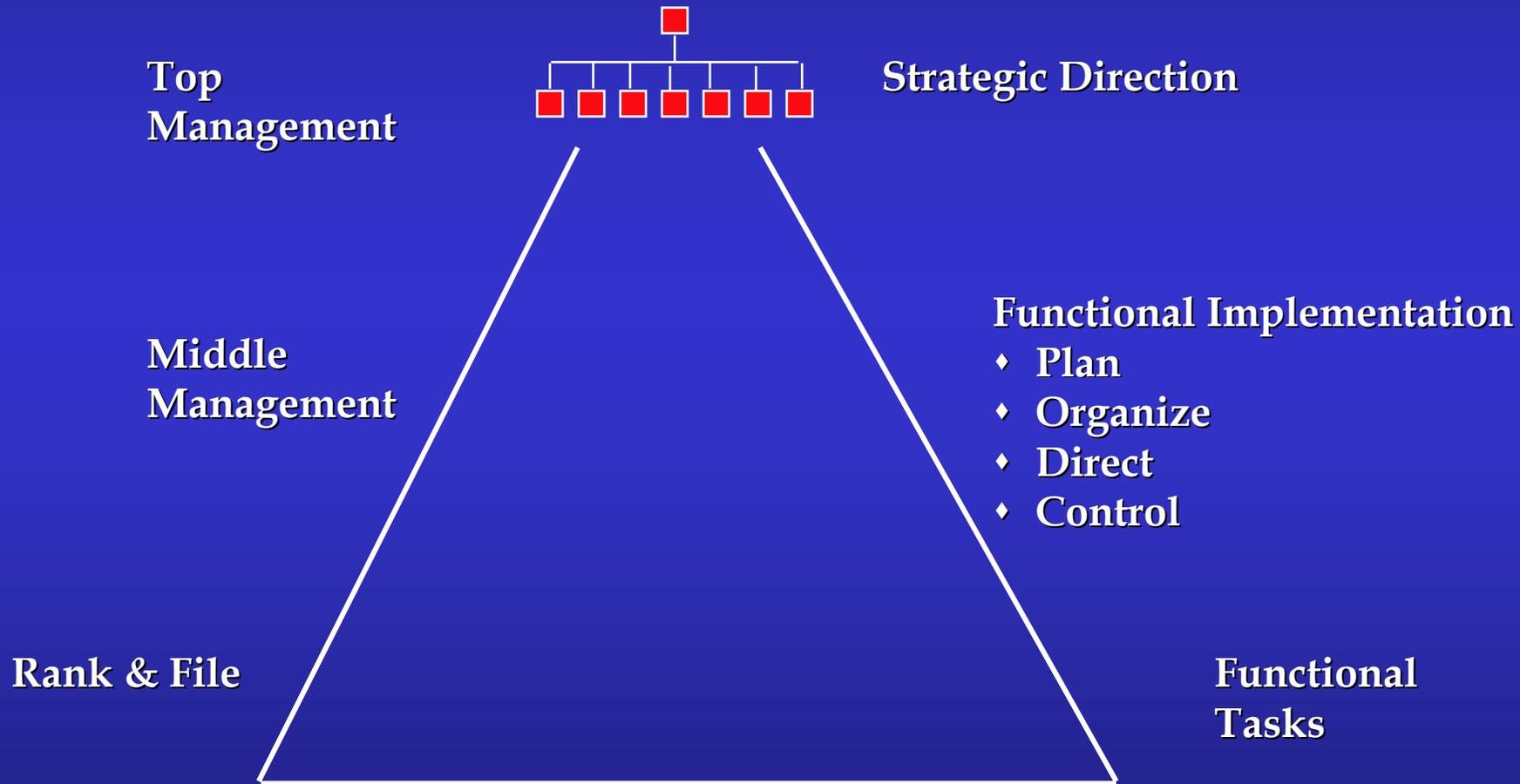
The Western hierarchical model was borrowed



The Military Hierarchy made sense in past centuries



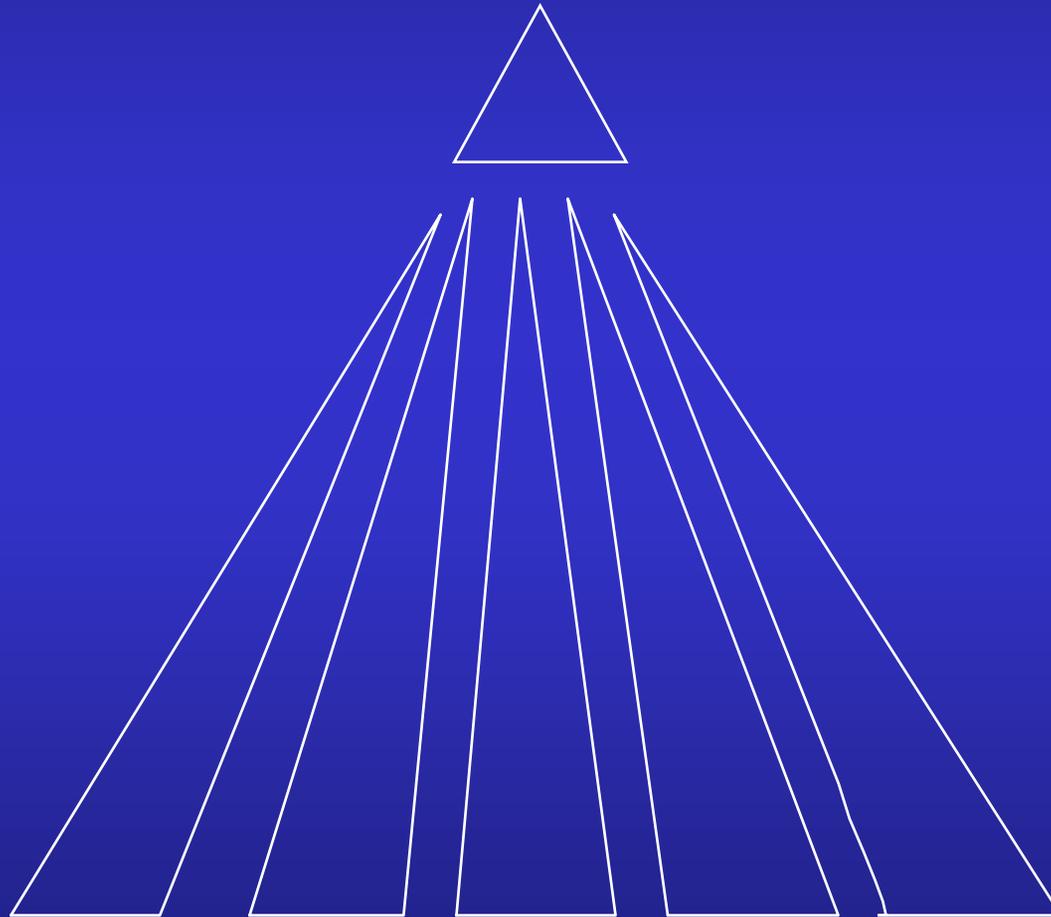
The borrowing produced the Western Classic Organizational Form



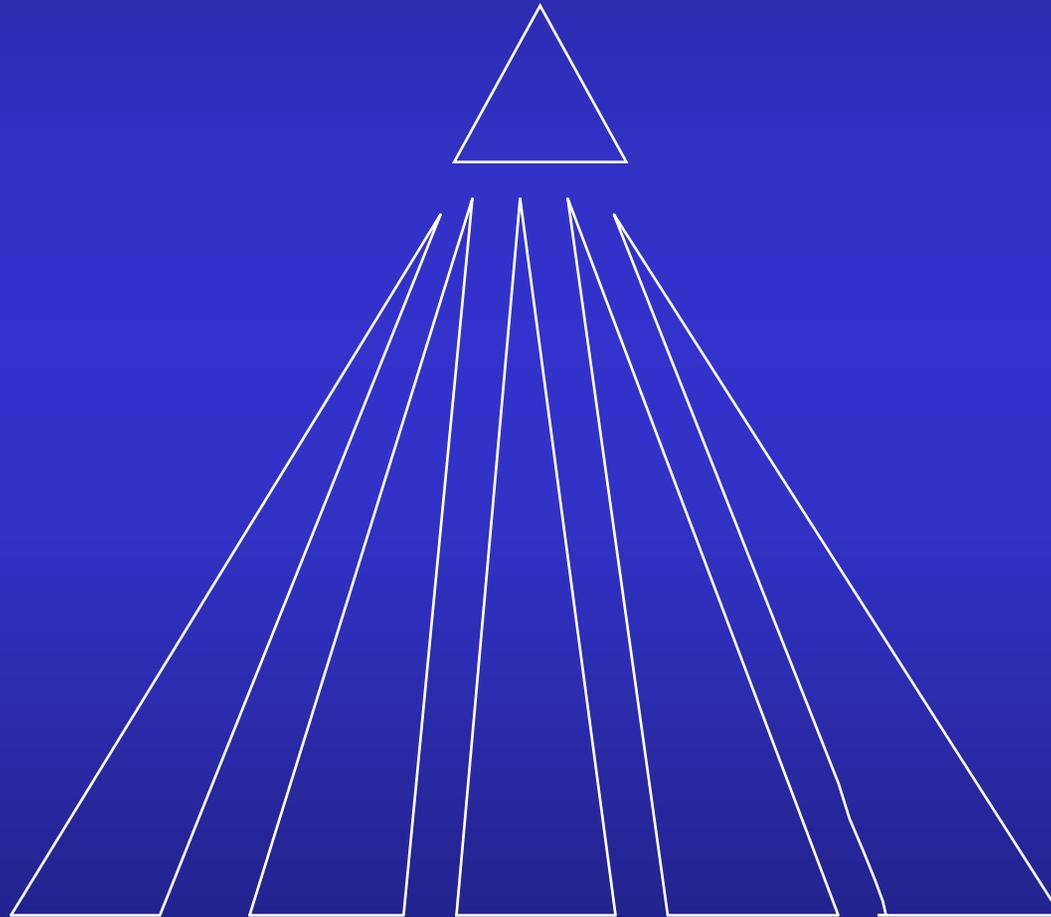
Relationships that hadn't been a problem in the military

became a problem in Western industry

Chain of Command Principle
made sense for the old military

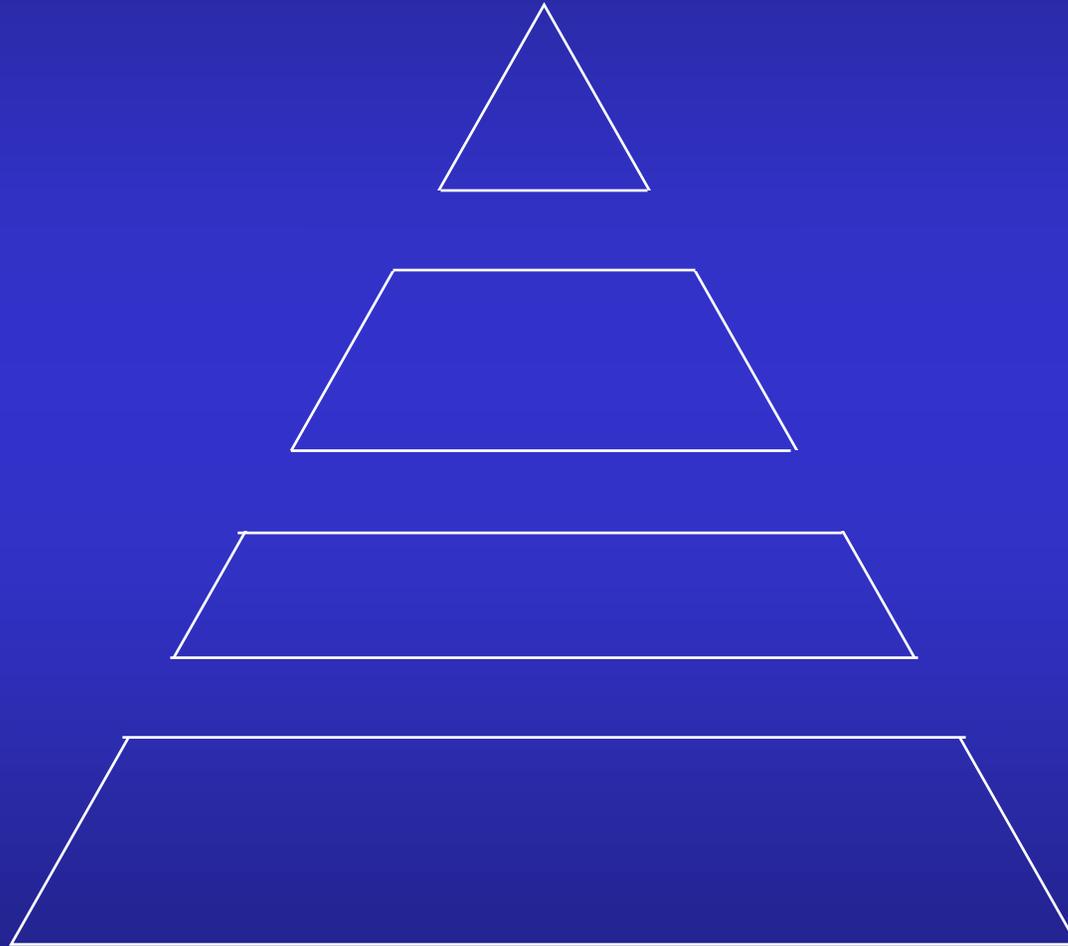


*But the Chain of Command Principle
produces corporate “silos” or “chimneys”*

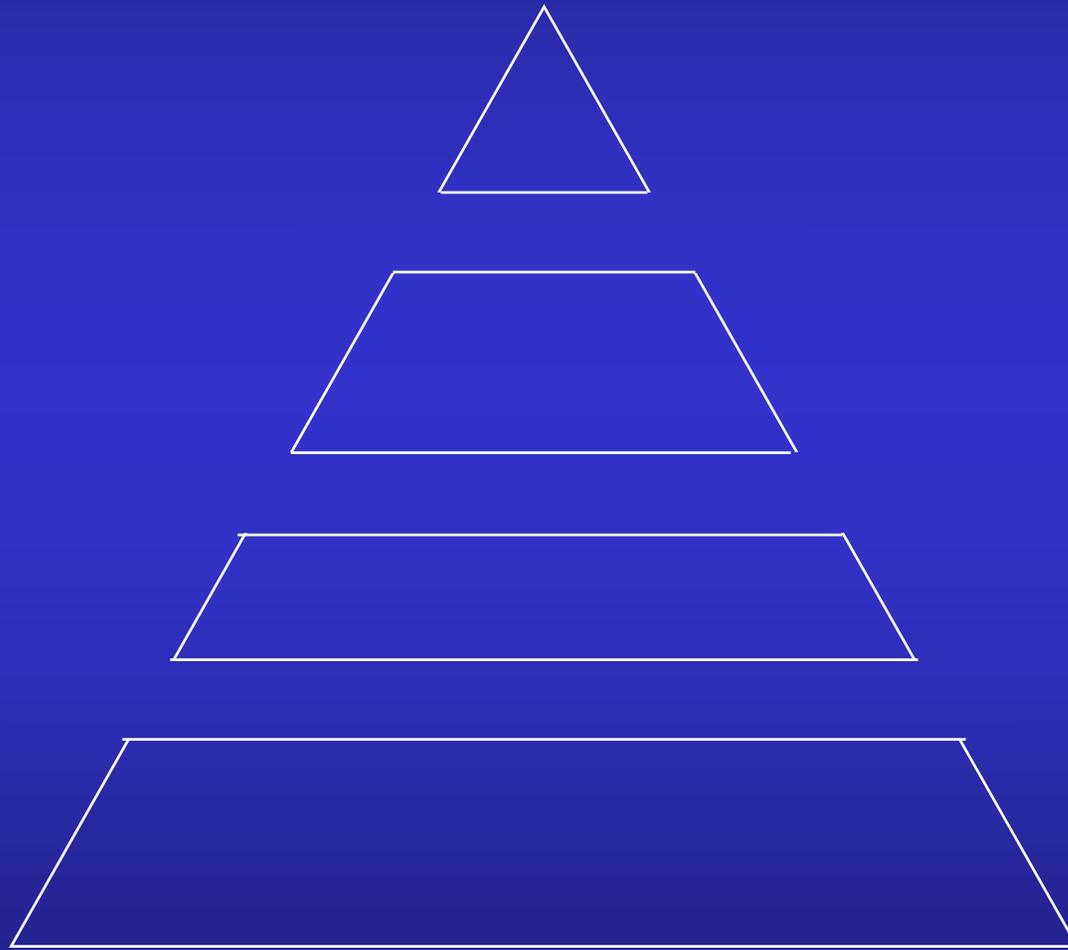


*Centuries ago, **castes** evolved in the military.*

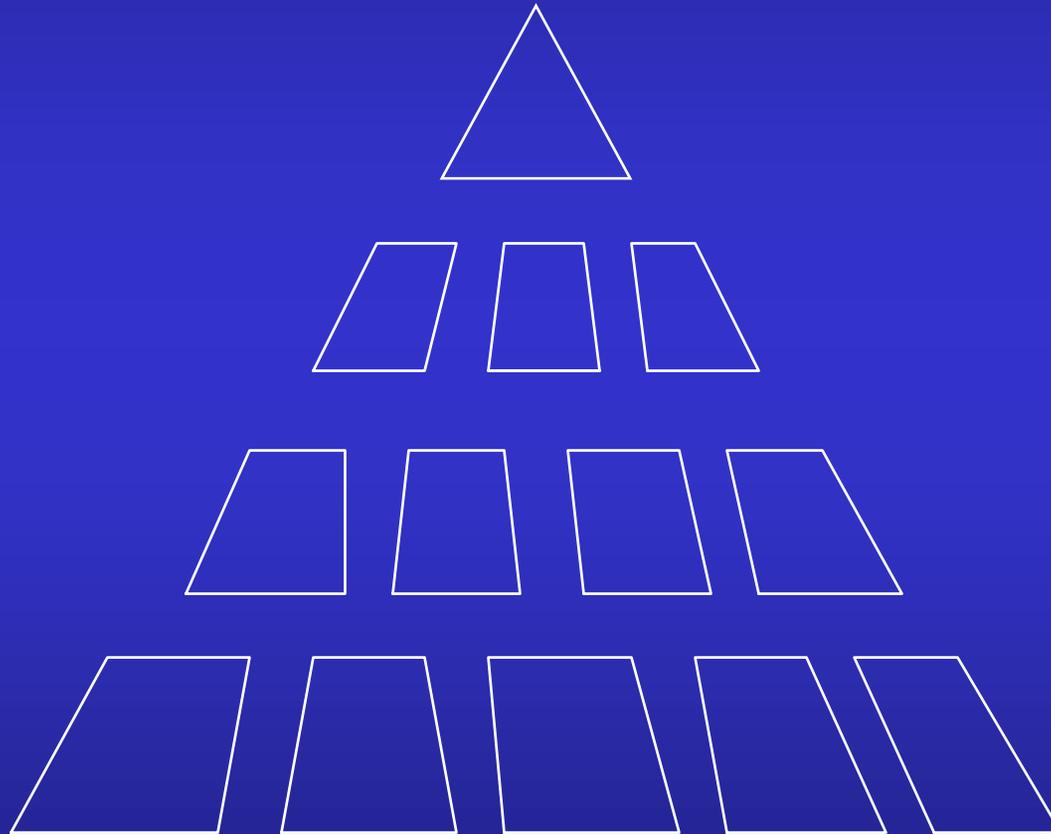
Why?



Military castes produced managerial castes



Castes and silos produce
The Fractionated Organization



The fractionated relationships of large Western organizations made them ineffective, due to poor integration.

But Western industrialists didn't realize the problem was in the relationships, so they sought easy "fixes"

The new “science” of economics was seen as a cure-all, but it caused more relationship strains in Western organizations.

Examples:

- **Incentive pay**

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Examples:

- Incentive pay
- **Hourly wage vs. Salary**

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- Incentive pay
- Hourly wage vs. Salary

Results of worsened relationships:

- **High rate of employees leaving**
- **Adversarial unions**

*Western hierarchical (“top-down”) organizations
that had prospered in the 20th Century
faced **new challenges in the 21st Century***

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- **Information Explosion**

*Western hierarchical (“top-down”) organizations
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- Information Explosion
- **Globalization**

Western hierarchical (“top-down”) organizations that had prospered in the 20th Century faced new challenges in the 21st Century

- Information Explosion
- Globalization
- **Technology Improvements**

Western hierarchical (“top-down”) organizations that had prospered in the 20th Century faced new challenges in the 21st Century

- Information Explosion
- Globalization
- Technology Improvements
- **Time-Based Competition**

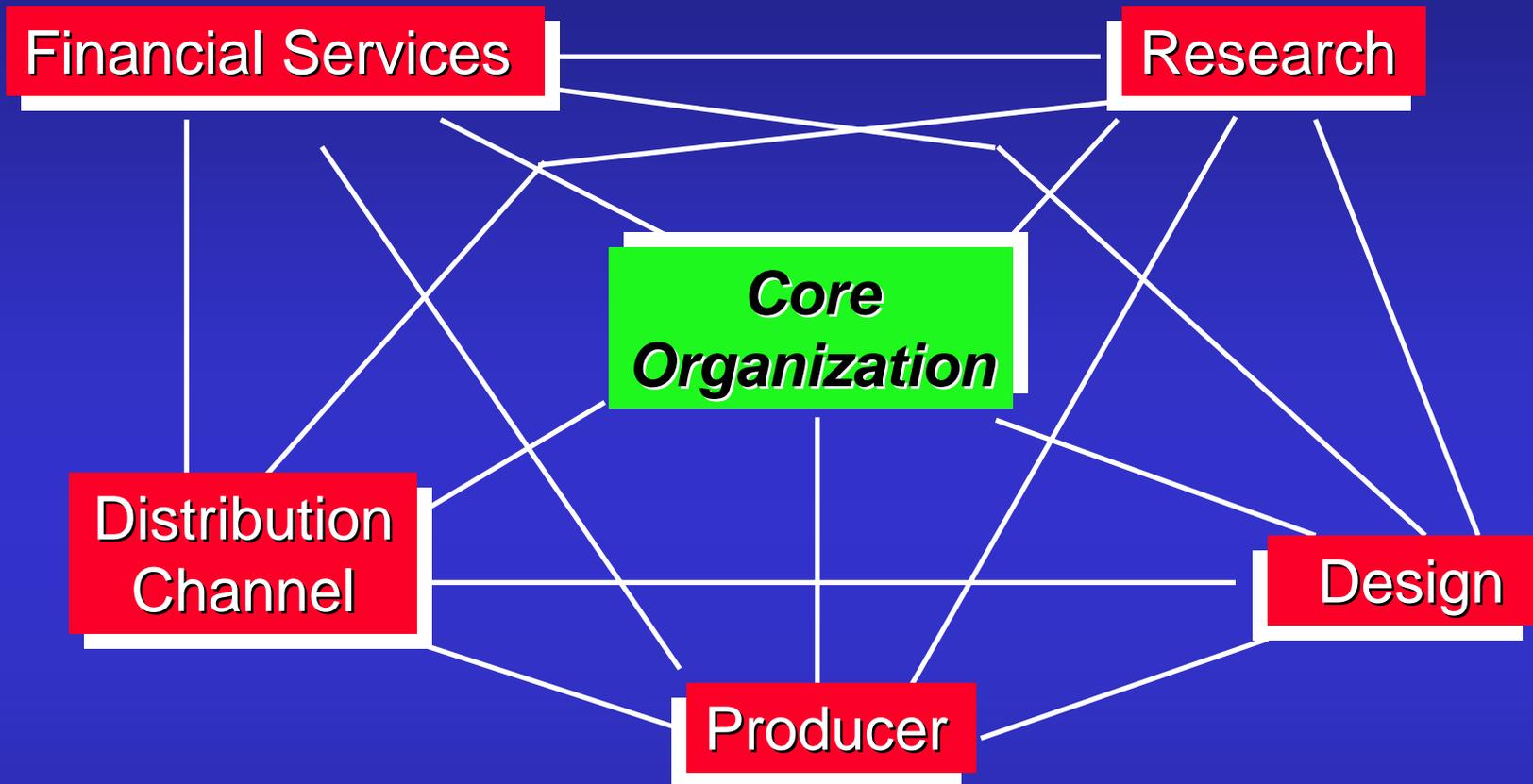
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- Information Explosion
- Globalization
- Technology Improvements
- Time-Based Competition
- **Quality Revolution**

Western hierarchical (“top-down”) organizations that had prospered in the 20th Century faced new challenges in the 21st Century

- Information Explosion
- Globalization
- Technology Improvements
- Time-Based Competition
- Quality Revolution
- **Unprecedented Competitors**

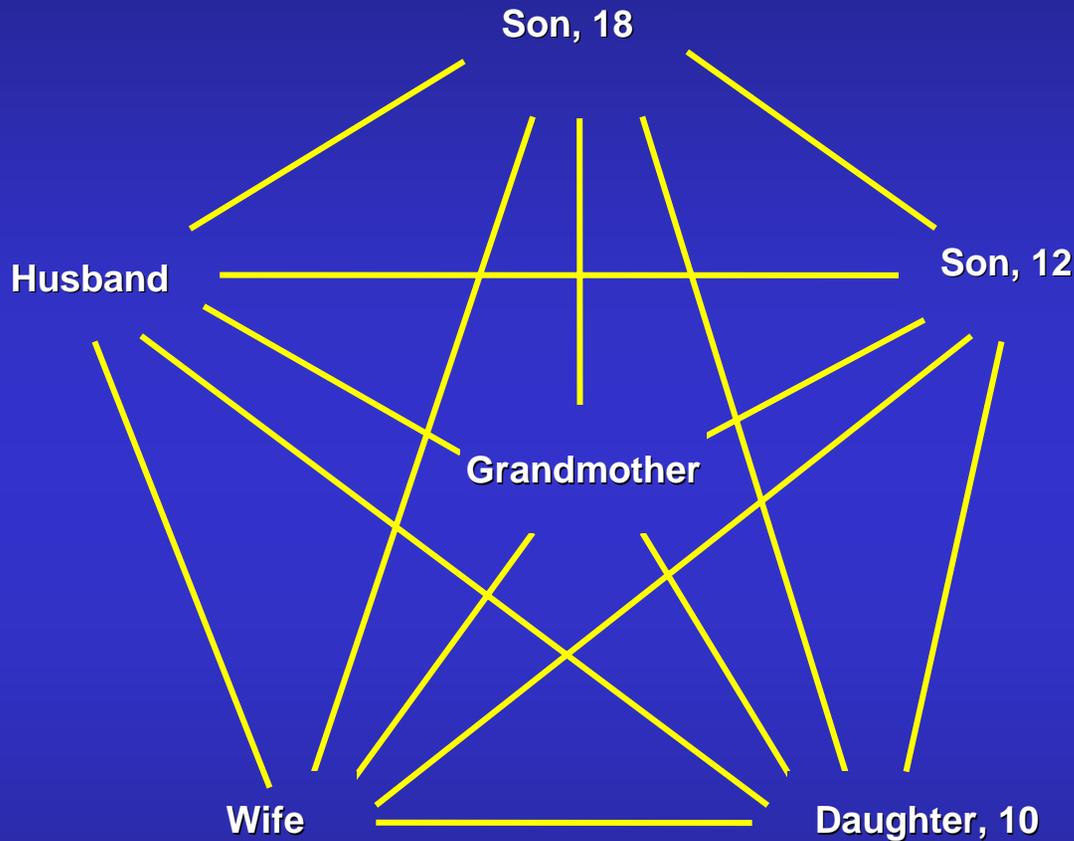
A new form of competitor - The Value-Integrator (“Virtual”) Organization



Tasks Within Core Organization

- 1. Identification of Market Opportunities**
- 2. Selection of Strategic Relationship Partners**
- 3. Coordination of Functions**

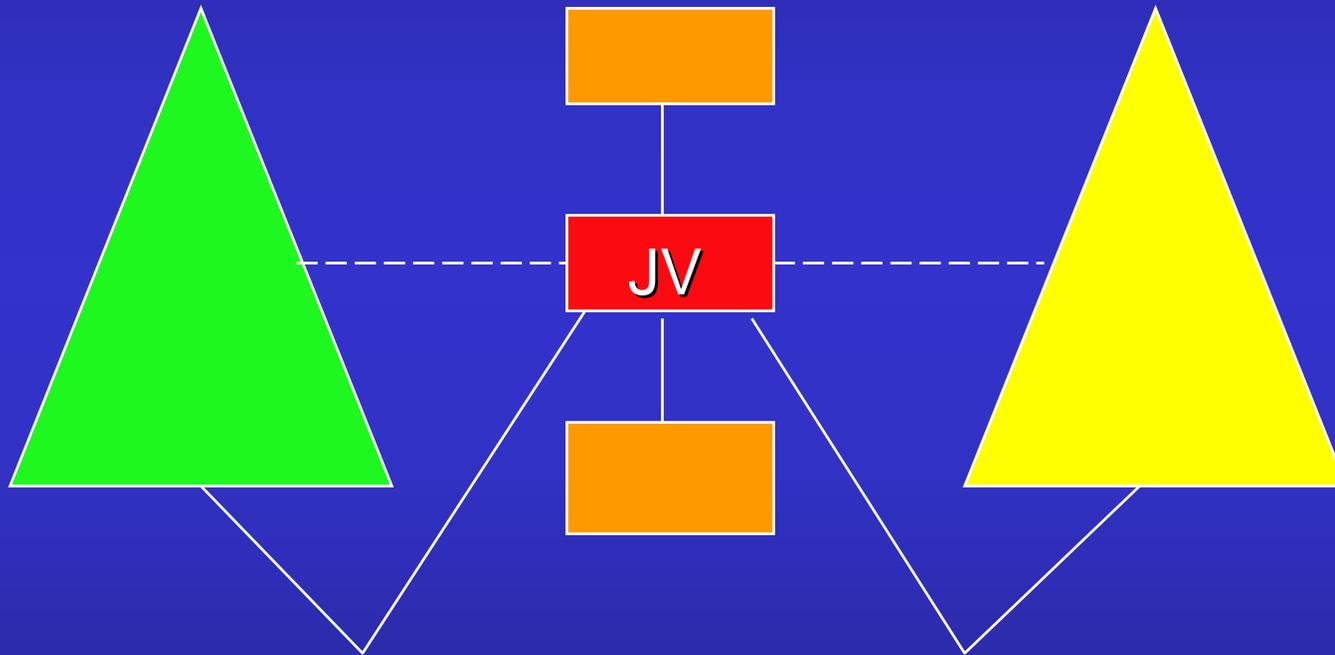
The Virtual Organization is an old form...



remember the original, co-located multi-functional team?

True Joint Venture

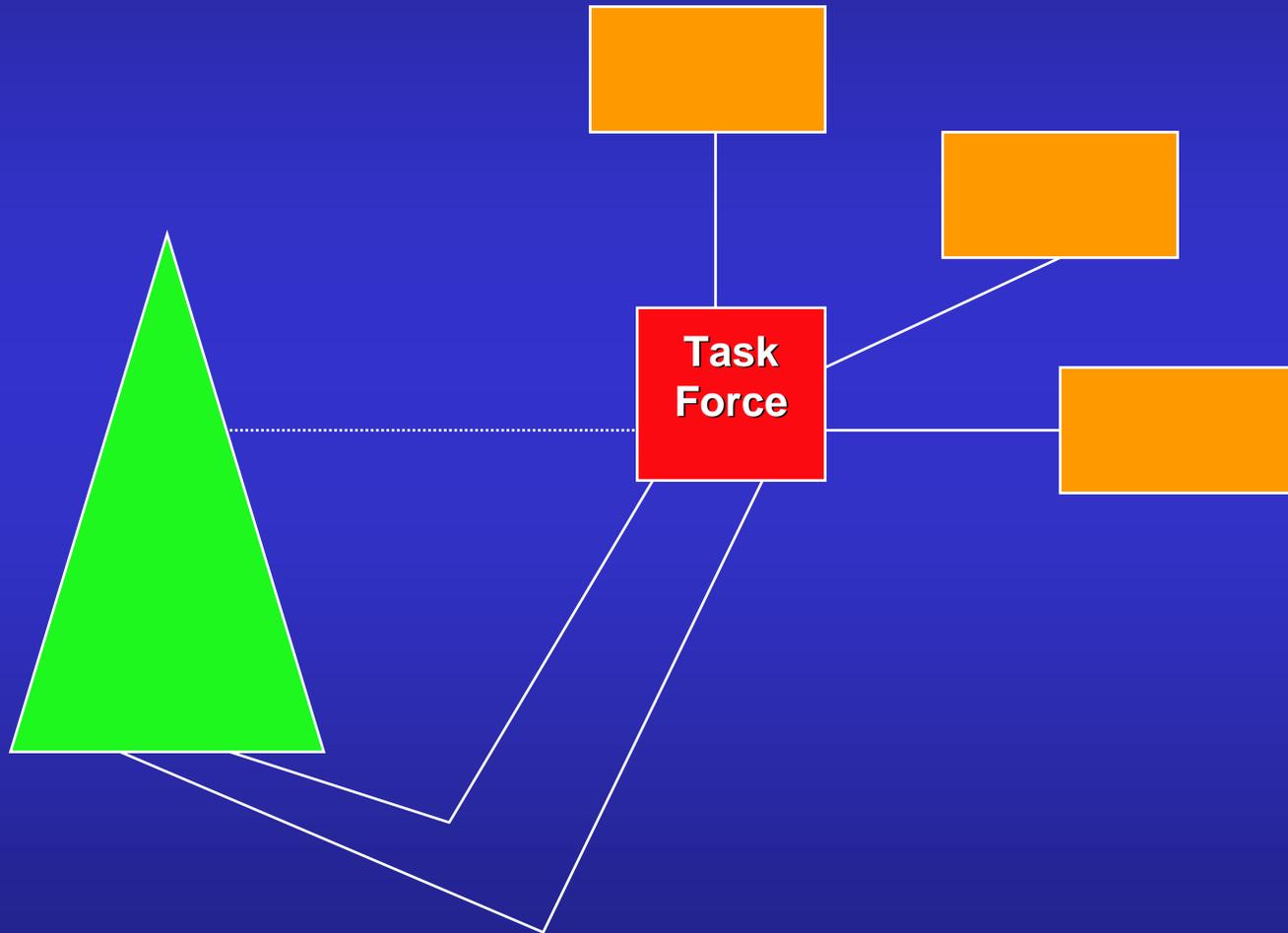
(= a value-integrator organization)



note: dotted line indicates ownership relationship;
solid line indicates strategic outsourcing relationship

Empowered Task Force

(Operates like a value-integrator organization)



Matrix Organization

(Vertical and Horizontal Accountability)



**How would you structure an
organization to handle a series of
projects?**

--and what is

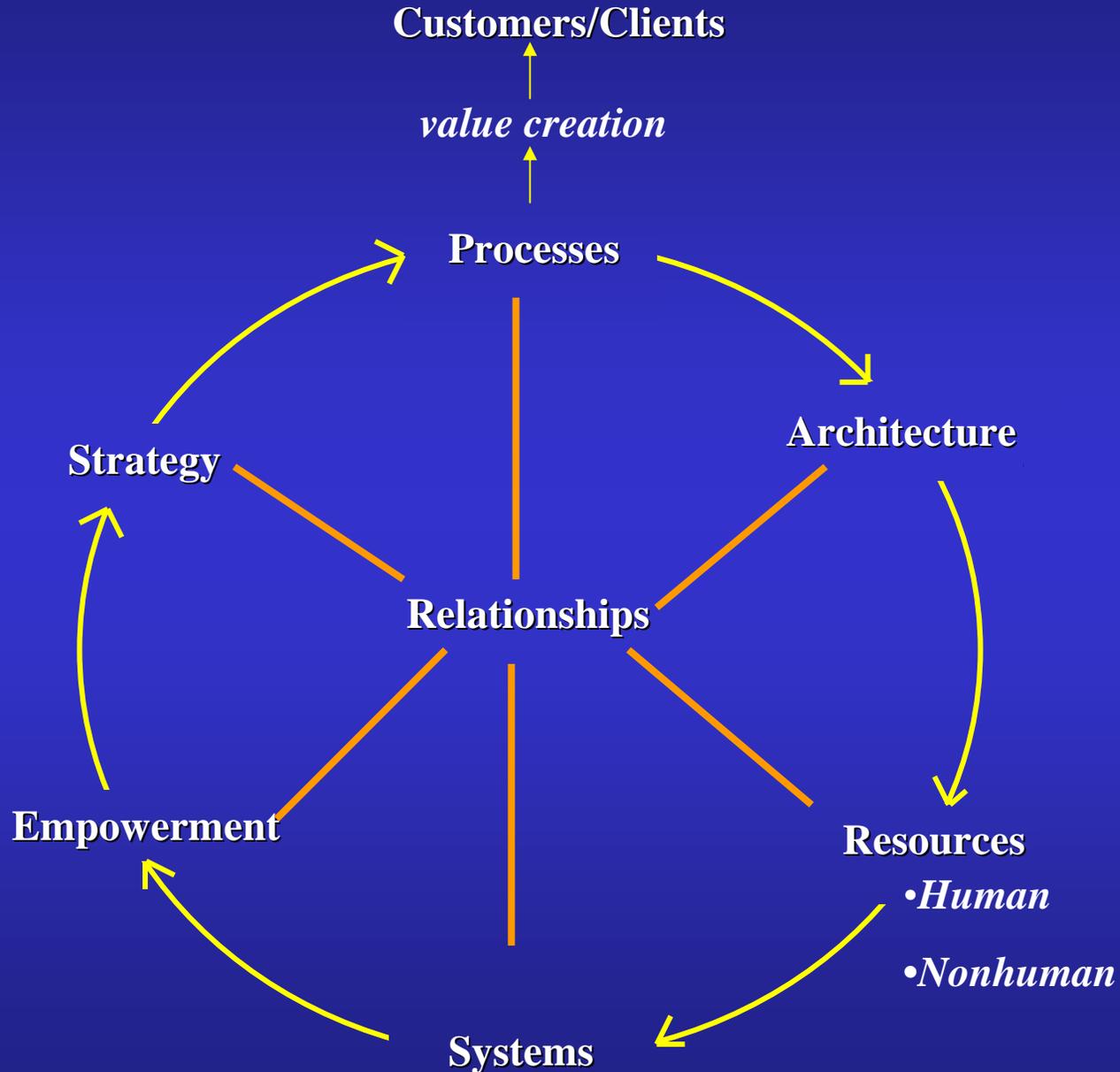
the *role of management*

in such organizations?

Remember....

1. Different parts of the organization need a structure tailored to their roles.
2. The structure is good when it:
 - increases strategic alignment
 - enhances relationships

Implementing Strategy Requires Customer-Focused Integration



Assignment:

- *Design* an organization that would be *ideal* in your chosen part of the biomass value chain
- *What's different* from what you now have?
- How can your present organization be *improved*?
- Write your ideas on your *To-Do list!*