# DESIGNED TO SCALE

How to Structure Your Business for Exponential Growth





Author of Organizational Physics

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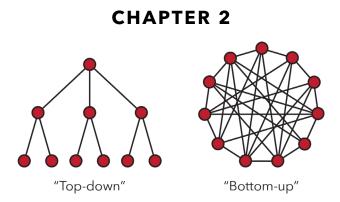


Figure 1. Top-down vs. bottom-up structures.

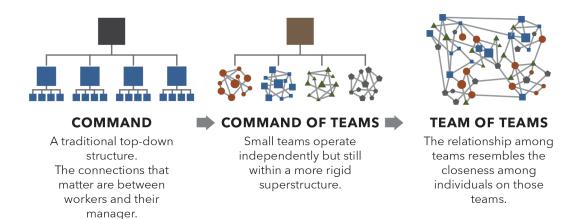


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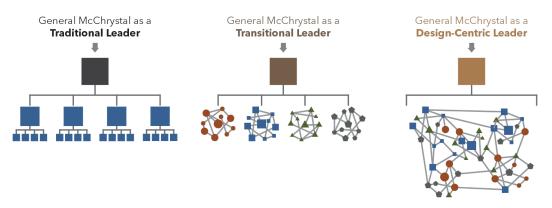


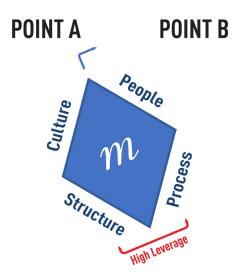
Figure 3. An alternate story for Team of Teams is the journey of General McChrystal from a traditional command-and-control leader to a design-centric leader

### **CHAPTER 3**

# **STRATEGY**



*Figure 4. The Organizational Physics Strategic Execution Diamond. Every organization has mass, which is resistance to change.* 



*Figure 5. Work at the level of Structure & Process to create higher leverage and turn the ship.* 

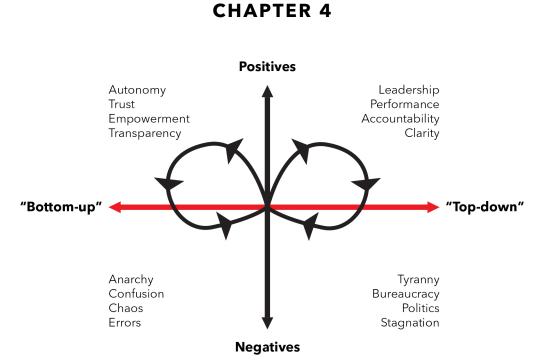
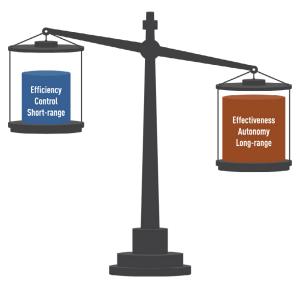


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*Figure 7. Although some functions in the organization need to tilt toward the left side, the organization as a whole needs to tilt to the right side!* 



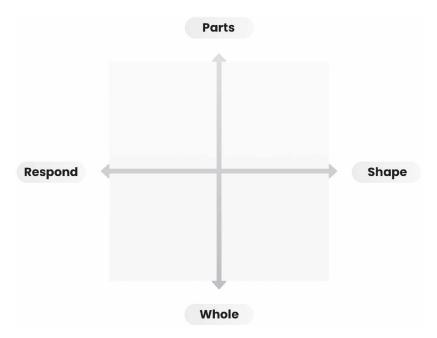


Figure 8. The Adaptive Systems Model of Organizational Physics.

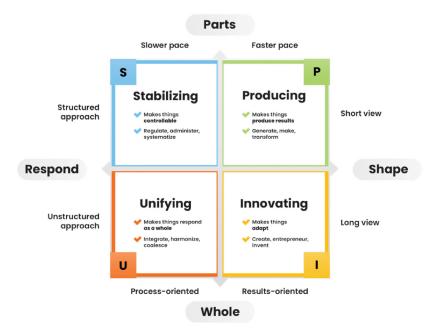


Figure 9. The Producing, Stabilizing, Innovating, Unifying (PSIU) forces.

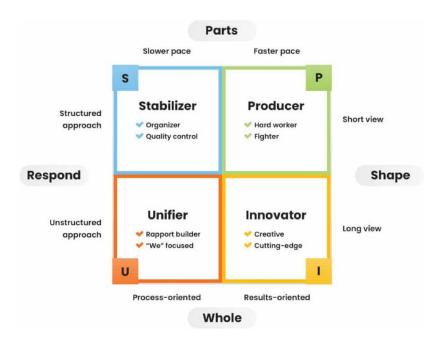
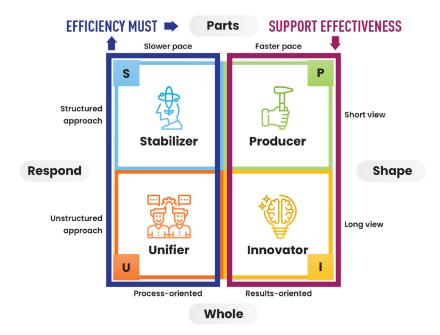


Figure 10. From forces to styles.



*Figure 11. PSIU: The left side must support the right side. The only reason to do Stabilizing and Unifying activities is to Produce and Innovate better and faster.* 

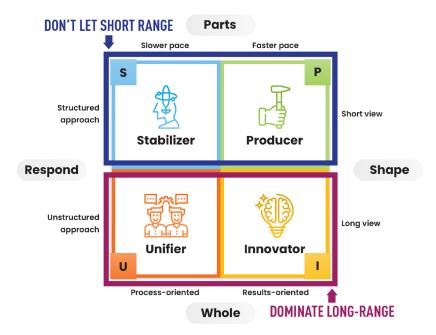


Figure 12. PSIU: Don't let short-range (PS) dominate long-range (IU).

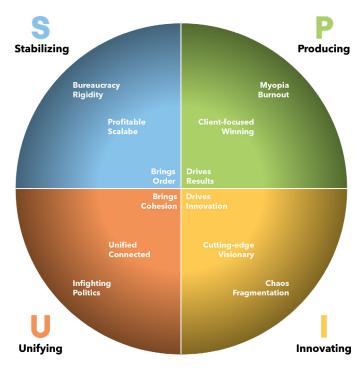


Figure 13. PSIU is advanced polarity management.

Core Concept	Check?	Key reflections or open questions
Every system has finite energy in time.	Х	Makes a ton of sense. Charlie is starting to see this principle everywhere she looks.
Design controls behavior.	/	Charlie still might argue that individual grit, drive, and willpower can overpower design. But she admits that design influences, if not totally controls, behavior. Besides, she wants a good environment for herself and her staff to thrive. Every little edge helps.
Every system has mass or resistance to change.	Х	Charlie is still asking how to get the mass that is PeoplePower continually aligned and realigned in practice: an open question still to be addressed in coming chapters. But she likes the metaphor of gathering the mass and keeping it "rolling" together to build up a head of steam.
Structure and Process create the highest leverage.	/	Charlie still views the people involved as the most important criteria in the success of PeoplePower. However, she will admit that getting the right people into the right seats on the bus and operating as a high-performing team is as critical. She wants to see more of how structure and process actually enable that.
Leaders create the self-managed organization.	Х	Charlie appreciates how the insight that leaders design a self-managed organization and that hierarchy is present, even if it is hidden, actually helps her to cut through the on-stage populism to the back-stage reality.
Organizational design is polarity management.	/	Charlie still isn't clear how PSIU relates to other personality type indicators that she is more familiar with. She definitely gets the concept of tensions as polarities that need to be managed vs. problems that need to be solved. She also likes the potential of how the PSIU lens can help her and her team get on the same page about where a polarity is out of whack and fix it. She is willing

Core Concept	Check?	Key reflections or open questions
		to go deeper into the structural design choices and people placement decisions using PSIU as a backdrop.

Table 1. Check and see if you agree with the core concepts so far.

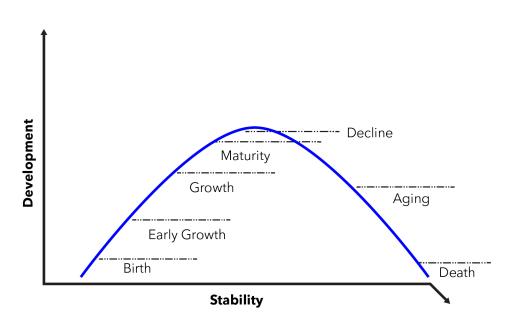


Figure 14. Lifecycle strategy: Everything follows a lifecycle curve. Some curves are short, others long.

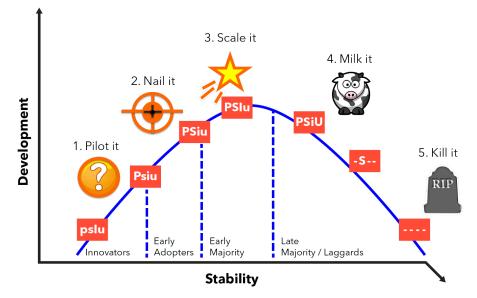


Figure 15. Lifecycle strategy: The Organizational Physics Strategy Map.

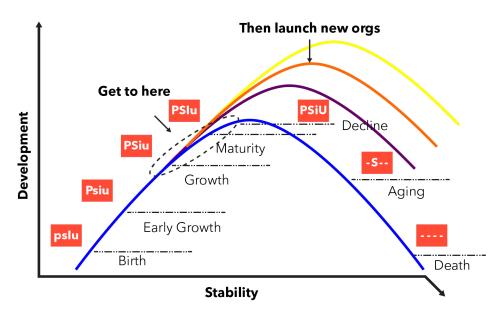


Figure 16. Lifecycle strategy: The goal is perpetual renewal.

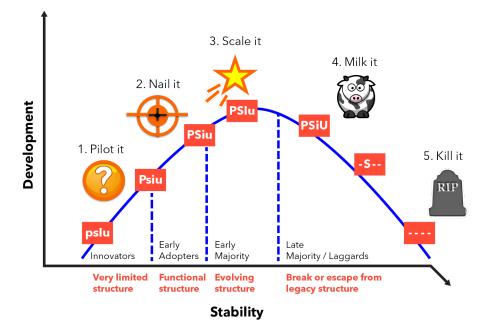
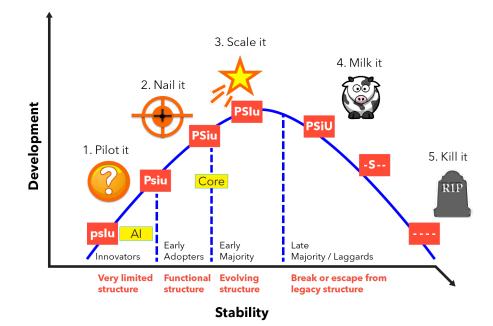
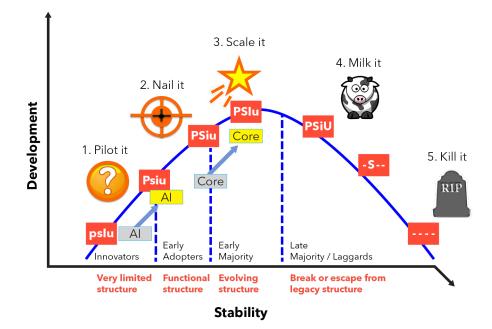


Figure 17. Lifecycle strategy: Different lifecycle stages require different structures.



*Figure 18. Lifecycle strategy: Strategy Map showing where the two PeoplePower business units are currently in their development.* 



*Figure 19. Lifecycle strategy: Strategy Map showing where PeoplePower needs to drive to next in sequence.* 

Lifecycle Stage	PSIU Force	How to Design for Alignment
Pilot It	I	A <b>Pilot It</b> stage product opportunity requires innovative customers and an innovative business unit. Ensure the Innovating force is high. Do not put a lot of structure or processes around this unit. There should be a high Innovating force all around.
Early Nail It	Р	An <b>early Nail It</b> stage product requires a high Producing force to meet customer needs. Even the right customers at this stage are Producers— they have a problem and want it solved fast. It should be a high Producing force all around this business unit.
Mid- to Late Nail It	PS	Once product-market fit is getting proven, and as the business unit moves into <b>mid- to late</b> <b>Nail It</b> , start to marry the Stabilizing force with the Producing force by systematizing how it sells, serves, and delivers, including a functional structure. This ensures happy early adopter customers who want things done fast and right and prepares the organization to scale to the opportunity.
Early to Full Scale It	PSI	Once it is being pulled forward by market demand and it has the foundation to support it, the business unit moves into <b>early and full</b> <b>Scale It</b> mode. Now the Innovating force can be strong again because it has a foundation on which to innovate. The early majority customers at this stage expect the full solution set too— high quality, high innovation, high support, etc. Basically, it should be a high Producing- Stabilizing-Innovating force all around. The Unifying force is there too (as it always has been in a healthy balance), just geared towards the external customers, mission, and vision, not internal politics.

Lifecycle Stage	PSIU Force	How to Design for Alignment
Milk It	SU	Just as a business unit reaches the pinnacle, a leader must be very wary of the emerging downward slide into the <b>Milk It</b> stage. This slide is a result of the continued growth of the Stabilizing and Unifying forces, which expand naturally under their own inertia as an organization ages. Company leadership must be vigilant to stay on a perpetual growth edge without falling off the cliff.
Late Milk It	S	If an organization does become too stable and inwardly focused before it has developed new growth stage business units that are scaling up, or on the cusp of scaling up, and which will soon take over and transform the mothership, then it becomes a shell of its former self with little hope for renewal ( <b>late Milk It</b> ). If the company is a healthy system, the young and vibrant reach their potential before becoming old themselves, and the dance goes on.

*Table 2. How to design for alignment across products, customer types, and business unit capabilities.* 



Figure 20. The five steps to design a new structure quickly and correctly.

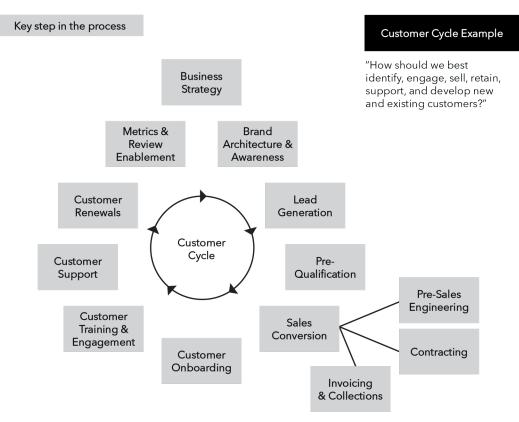


Figure 21. Customer Cycle for PeoplePower.

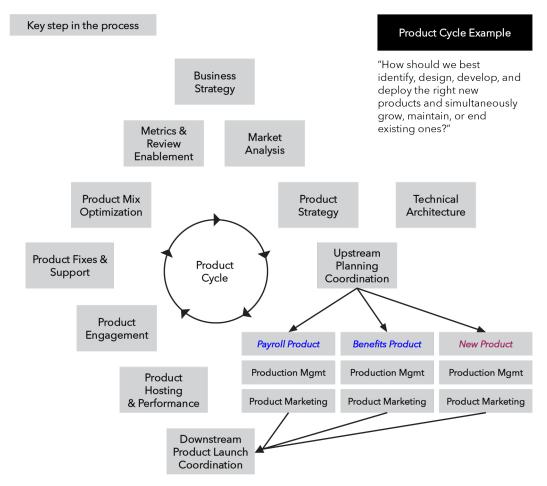


Figure 22. Product Development Cycle for PeoplePower.

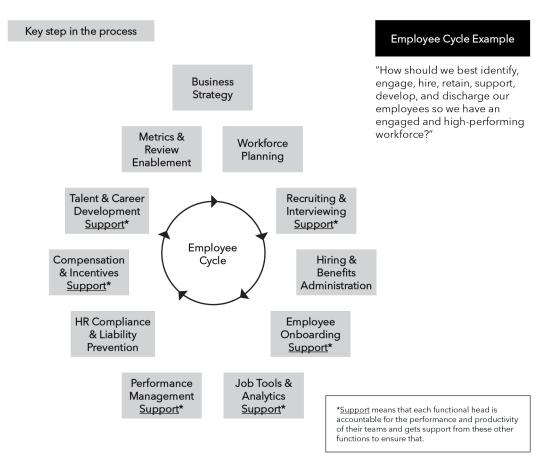


Figure 23. Employee Cycle for PeoplePower.

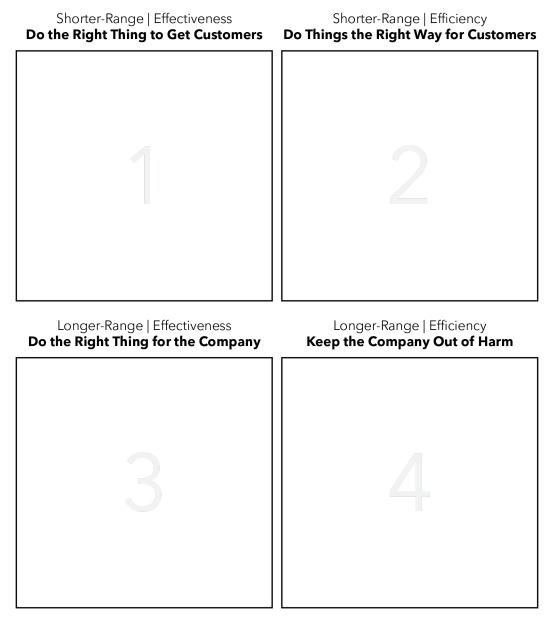


Figure 24. Blank Structure Map.

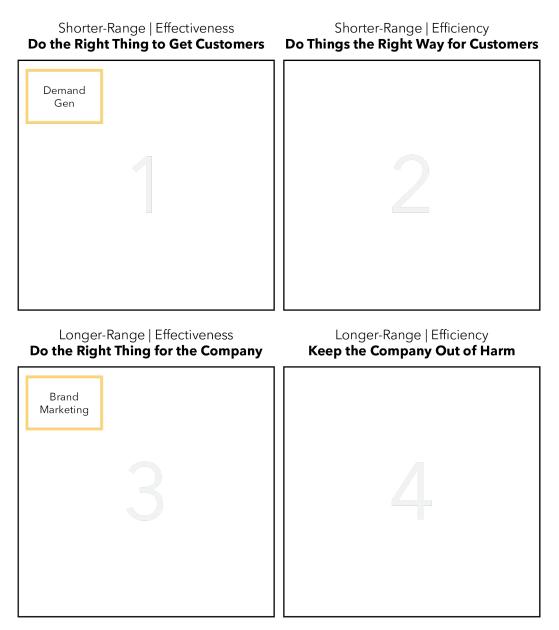


Figure 25. PeoplePower Structure Map with Brand Marketing and Demand Generation

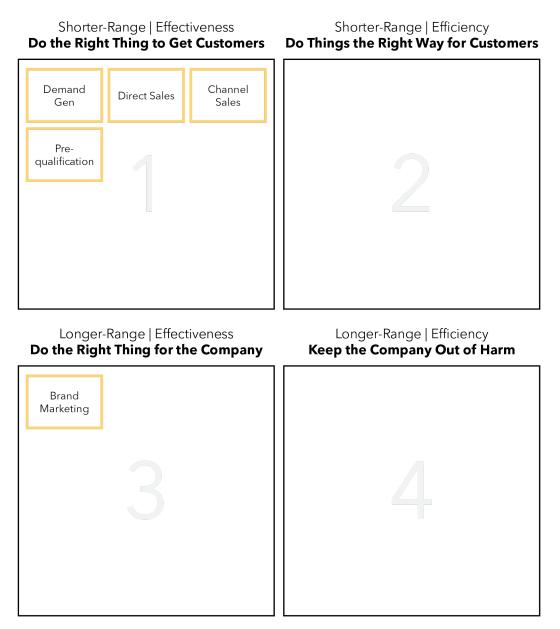
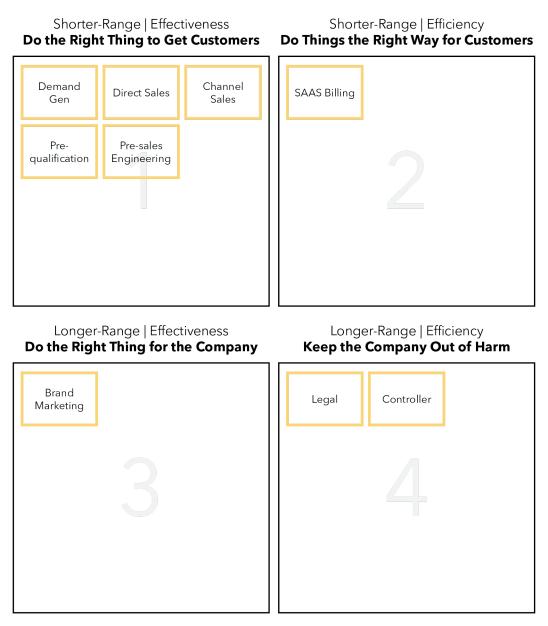
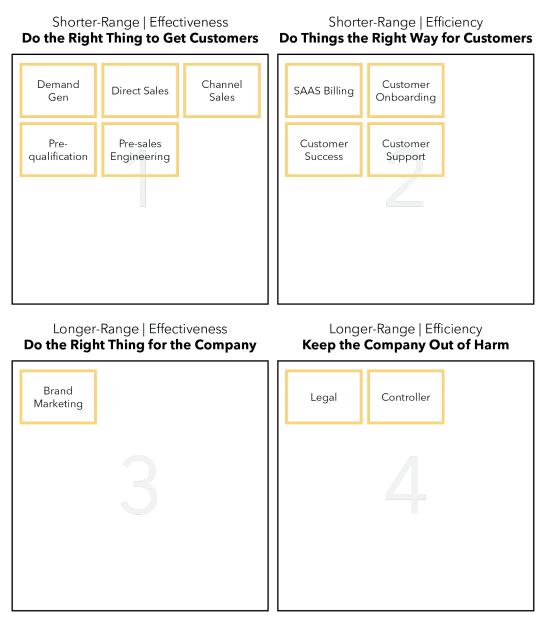


Figure 26. PeoplePower Structure Map adding Pre-qualification, Direct Sales, and Channel Sales.



*Figure 27. PeoplePower Structure Map adding Pre-Sales Engineering, SAAS Billing, Legal, and Controller.* 



*Figure 28. PeoplePower Structure Map adding Customer Onboarding, Customer Success, and Customer Support.* 

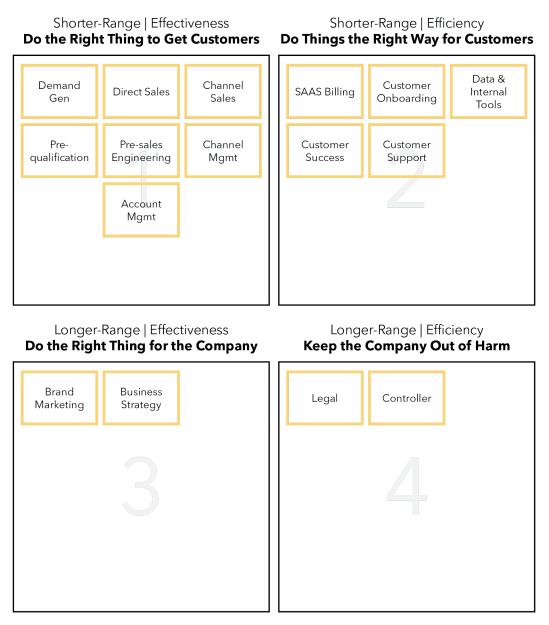
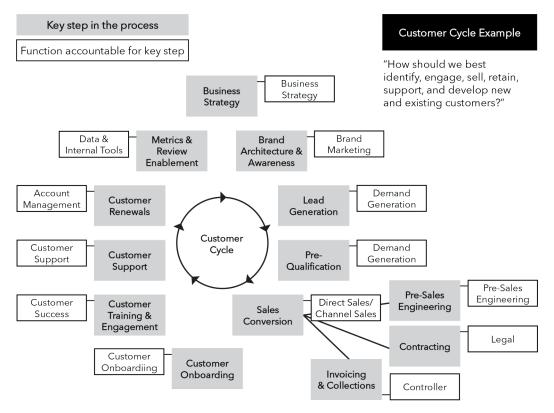


Figure 29. PeoplePower Structure Map adding Data & Internal Tools, Account Management, Channel Management, and Business Strategy.



*Figure 30. PeoplePower Customer Cycle mapped with the functions accountable for each step in the cycle.* 

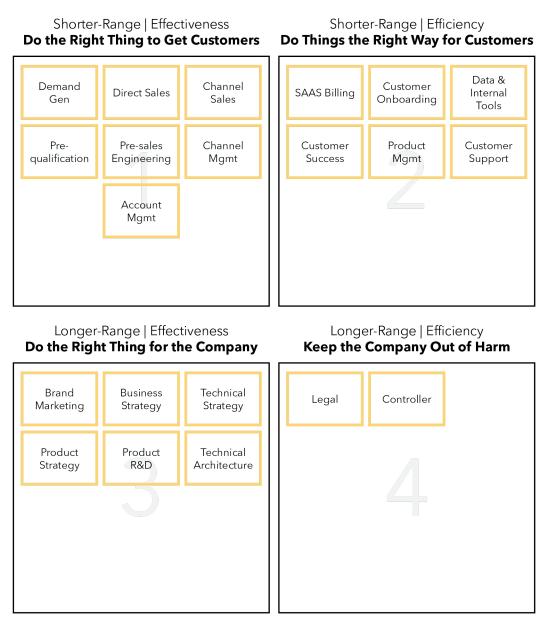
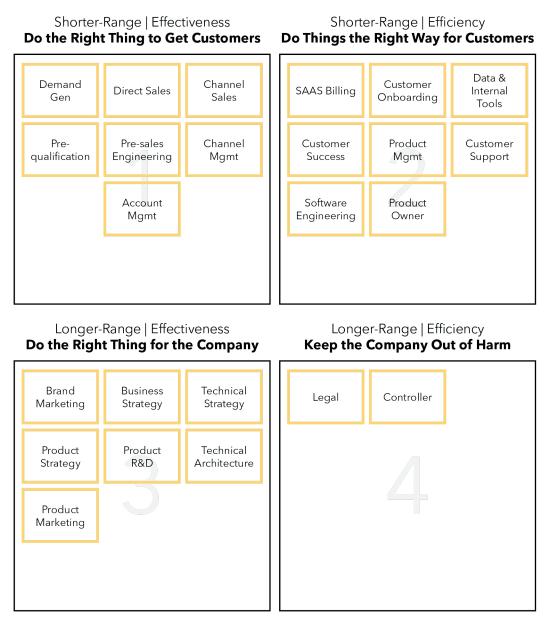


Figure 31. PeoplePower Structure Map adding Product Strategy & R&D and Technical Strategy & Architecture to Quadrant 3 and Product Management to Quadrant 2.



*Figure 32. PeoplePower Structure Map adding Product Owner and Software Engineering into Quadrant 2 and Product Marketing into Quadrant 3.* 

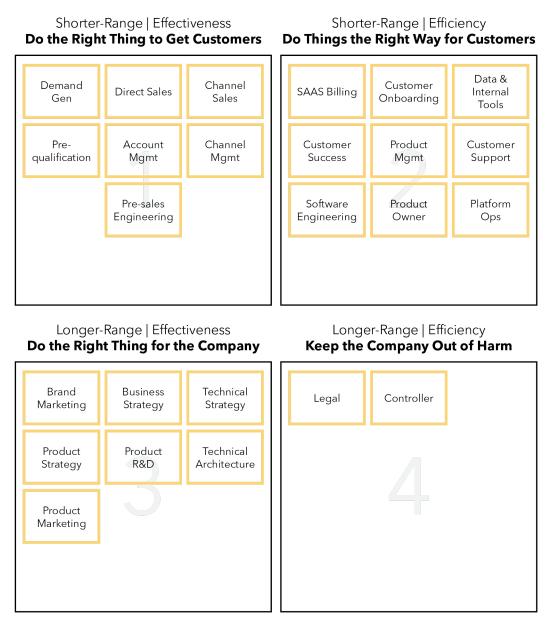


Figure 33. PeoplePower Structure Map adding Platform Operations to Quadrant 2.

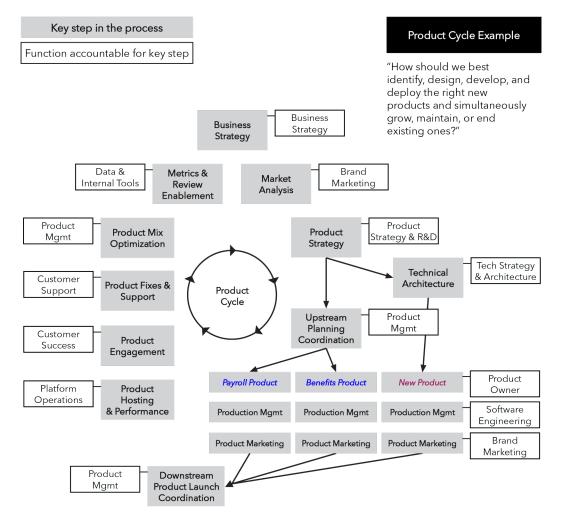
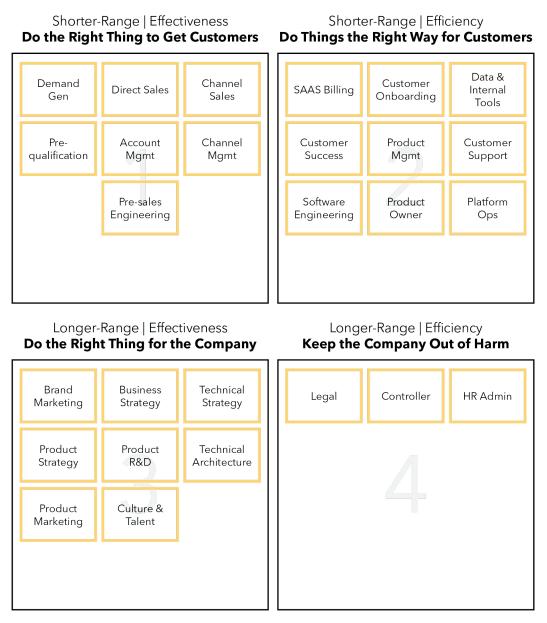


Figure 34. PeoplePower Product Development Cycle with accountabilities.



*Figure 35. PeoplePower Structure map adding Culture & Talent to Quadrant 3 and HR Admin to Quadrant 4.* 

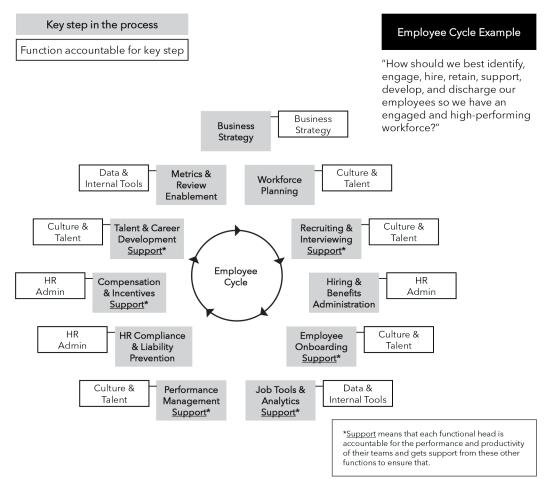


Figure 36. PeoplePower Employee Cycle with accountabilities.



*Figure 37. PeoplePower Structure Map Exercise with Business Alignment in Quadrant 2 and Strategic Finance in Quadrant 3.* 



Figure 38. PeoplePower's completed draft of its Structure Map.

Customer-Centric Shorter-Range Focus Decentralized Autonomy

Strategic Execution PsiU	- Enterprise value - Org health - Client satisfaction
-----------------------------	---

effectiveness-focused (do the right thing) =	efficiency-focused (do things in the right way) =	key performance indicators (KPIs) =	

	sering	g velocity g quality sfaction	t nent& & ment
	SW Engineering PSIu	<ul> <li>Engineering velocity</li> <li>Engineering quality</li> <li>Client satisfaction</li> </ul>	<ul> <li>Software development</li> <li>Database development</li> <li>API development &amp; maint</li> <li>Software QA &amp; testing</li> <li>M&amp;A enablement</li> </ul>
-	Platform Operations PSiu	<ul> <li>Platform uptime, security</li> <li>Scalability/costs</li> <li>Client satisfaction</li> </ul>	<ul> <li>Platform operations</li> <li>Development</li> <li>Development</li> <li>Development</li> <li>Development</li> <li>Development</li> <li>Customer data</li> <li>Warehouse</li> <li>Network security</li> </ul>
for Customers	Data & Internal Tools PSiu	- Uptime/security/ease - Cost/employee - Client satisfaction	- Internal IT systems integration - Internal data warehouse & tools - Internal IT support - Internal IT support
Quadrant 2: Do Things in the Right Way for Customers	Business Alignment pSIU	<ul> <li>Org velocity</li> <li>Org scalability</li> <li>Client satisfaction</li> </ul>	- Annual/qtr planning support - OKK management Cross-process optimization - Cross-process - Training - Delivery model gaps - Business analytics
Quadrant 2: D	Product Management pSIU	<ul> <li>Product P&amp;L</li> <li>Roadmap clarity</li> <li>% customization</li> <li>Client satisfaction</li> </ul>	<ul> <li>Quarterly product roadmap</li> <li>Cross-Unctional laurchs controlination</li> <li>SW engineering</li> <li>Product requirements dev</li> <li>User acceptance</li> </ul>
	Customer Ops PSiU	<ul> <li>Time to onboard</li> <li>Time to resolution</li> <li>Client satisfaction</li> </ul>	New customer set-up     - New customer set-up     - Constrainty     - Cass-functional     - Cass-functional     - SAAS billing     - SAAS billing     - SAAS billing     - SAAS billing     - Second at a sec
	Customer Success PSIu	- Adoption/usage % - Churn/NPS % - Client satisfaction	<ul> <li>Customer training</li> <li>Customer adoption</li> <li>Customer experience</li> <li>Churn analysis &amp;</li> <li>optimization</li> <li>NPS analysis &amp;</li> </ul>
Quadrant 1: Do the Right Thing to Get Customers	Channel Sales Pslu	- \$ channel sales - #/quality of partners - Client satisfaction	- Channel sales - Channel account mgmt
	Direct Sales PsiU	<ul> <li>- \$ direct sales</li> <li>- # of clients</li> <li>- Client satisfaction</li> </ul>	- Qualified lead nurturing - Lead conversion - Account management - Gustomer trenewals - Customer upselling/ ross-selling - Pre-sales engineering
	Demand Generation PSIu	<ul> <li>\$ cost per lead</li> <li># of qualified leads</li> <li>Client satisfaction</li> </ul>	<ul> <li>Digital demand generation (Social, SEO, Atb splits, affiliares, PC, etc.)</li> <li>Pre-qualification</li> <li>Prospect database mgmt and accuracy</li> </ul>

				Company-Centric Company-Centric Longer-Range Fecus Centralized Control
t of Harm		Controller PSiu	- AR/AP balance - Time to close - Client satisfaction	<ul> <li>Accounts receivable</li> <li>Payroll processing</li> <li>Payroll processing</li> <li>Payroll processing</li> <li>Payroll processing</li> <li>Prinancial reporting</li> <li>Plancial reporting</li> <li>mgmt</li> </ul>
Quadrant 4: Keep the Company Out of Harm	-	Legal PSiu	- Legal liability control - Legal \$/quality - Client satisfaction	- Contract Aministration - Rek assessments - Legal support - IP Dev & Protection
Quadrant		HR Admin PSiu	- HR liability control - Admin costs/labor - Client satisfaction	- Salary & benefits and mini- - Payroll admin - Payroll admine - Firring compliance - Istue resolution - Office admin
any	Culture & Talent pslU	<ul> <li>Strength culture/skills</li> <li>Quality recr/onboard</li> <li>Client satisfaction</li> </ul>	Values alignment     Oxlues alignment     Oxlues alignment     Oxlues alignment     Surfine anth support     Surfine antiming support     Surfine and     Surport     Surport     Surport     Surport     Cultural event      Surport      Surport      Cultural event      Surport      Surpo	
	Strategic Finance pSlu	<ul> <li>Return on capital</li> <li>Quality of analysis</li> <li>Client satisfaction</li> </ul>	- Financial planning & analysis - MaAA support - Capatal support - Capatal markets support	
Quadrant 3: Do the Right Thing for the Company		Business Strategy pslu	<ul> <li>Strategic priorities</li> <li>Strategic clarity</li> <li>Client satisfaction</li> </ul>	Strategic vision     Strategic comms     Strategic comms     analysis     New markes/     New markes/     Max support     initiatives     Board support     Strategic partnerships     carter     carter     support
Quadrant 3: Do the Righ		Brand Mktg & Comm PSIu	<ul> <li>Brand awareness</li> <li>Brand reputation</li> <li>Client satisfaction</li> </ul>	<ul> <li>Brand architecture &amp; Buard marketing Buard marketing marketing - Public relations - Communications - Communications - Industry/market analysis</li> </ul>
		Tech Strat & Arch PSlu	- Tech architecture - Technical R&D - Client satisfaction	<ul> <li>Technical solution</li> <li>Technical solution</li> <li>Technical ecosystem</li> <li>Pertinical ecosystem</li> <li>API strategy</li> </ul>
		Product Strat & R&D Pslu	<ul> <li>Product vision clarity</li> <li>Innovation ROI</li> <li>Client satisfaction</li> </ul>	- Strategic product R&D7 Imovation lab - UI/UX research

Figure 39. New PeoplePower draft structure.



Figure 40. Example of Quadrant 1 without a Direct Sales function.

Customer-Centric Shorter-Range Focus Decentralized Autonomy	omy			Strategic P	Strategic Execution Ps(U		U,	effectiveness-focused (do the right thing) = efficiency-focused (do things in the right way) = key performance indicators (KPIs) =	eness-focused (do the right thing) = cused (do things in the right way) = key performance indicators (KPIs) =
				- Enterp - Org - Client s	- Enterprise value - Org health - Client satisfaction				
	Quadrant 1:	Quadrant 1: Do the Right Thing to Get Customers	st Customers			Quadrant 2: D	Quadrant 2: Do Things in the Right Way for Customers	for Customers	
		Regional GMs PsIU			Clinical Integration pSIU	Physician Engagement pSIU	Revenue Cycle Management PSIu	Business Enablement pSIU	Data & Internal Tools PSIu
		- Regional growth % Regional margin % - Client satisfaction			<ul> <li>Quality of care monitoring &amp; training</li> <li>Issue resolution</li> <li>Client satisfaction</li> </ul>	<ul> <li>Physician support</li> <li>Physician credentials</li> <li>Client satisfaction</li> </ul>	- Payment velocity - Collection % - Client satisfaction	- Cross-process mgmt - Cross-coordination - Client satisfaction	- Uptime/security/ease - Systems ROI - Client satisfaction
Regional Acquisitions Groups PsU - # of new	Regional Acquisitions Patients PSIu -# of new patients	Regional Care Delivery PSiU	Regional Operations & Support Services PSIU	Regional Admin & Compliance PSiu	Staff training & education support     Clinical integration support     Clinical documentation effectiveness     Outling & training     Clinical process     Clinical process	<ul> <li>Physician support</li> <li>Physician credentials</li> <li>Physician comp analysis</li> <li>Physician investment</li> <li>accounts mgmt</li> </ul>	- Payer/contracting management Payer claims mgmt & collections - Patient billings & collections - Services pricing	<ul> <li>Cross-process mgmt</li> <li>Cross-process training</li> <li>Cross-process training</li> <li>Cross-collaboration</li> <li>Business analytics</li> <li>Delivery model gaps</li> <li>New site laurch</li> <li>New rondir release</li> </ul>	- IT Services - OCDR - Data Warehouse - IT Tools/Systems Integration
groups/contracts S cost per acquisition - Client satisfaction	- S cost per acquisition - Client satisfaction	- Quality/cost of care - Client satisfaction	- Time to plateau - Client satisfaction	- Issue resolution - Client satisfaction	<ul> <li>Cuintegration</li> <li>24x7 backup telehealth</li> <li>patient solutions center</li> </ul>			coordination	
Group lead campaigns coroup prospect clatabase of and accuracy momt and accuracy Group sales & conversion RFP response	Patient lead campaigns Patient pre-qualification & financial application support cmployer referrals	<ul> <li>Clinical Ops - hospitals</li> <li>Clinical Ops - non-hospital</li> <li>Advanced Providens</li> <li>Pattert solution center (teleheath)</li> <li>Clinical integration</li> <li>Physician engagement</li> </ul>	- New site launch services revenue - Revenue - Revenue - Business enablement - Unformation systems - Information systems	- Administrative services - Compliance					
		Quadrant 3: Do the Righ	Quadrant 3: Do the Right Thing for the Company				Quadrant 4: Keep the	Quadrant 4: Keep the Company Out of Harm	
l Healthcare Innovation	Brand Mkta & Comms	I New Stage Dev	Business Strateov	Strateoic Finance	Culture & Talent	L HR Admin	Legal	Controller	Compliance
PSIu		Pslu	pslu	pSlu	pslU	PSiu	PSlu	PSiu	PSiu
- Next gen vision - Inovation ROI - Client satisfaction	- Awareness levels - Marcomm \$/qual - Client satisfaction	- # of new states - Time to launch - Client satisfaction	<ul> <li>Strategic priorities</li> <li>Strategic clarity</li> <li>Client satisfaction</li> </ul>	- Return on capital - Quality of analysis - Client satisfaction	- Strength culture/skills - Quality recr/onboard - Client satisfaction	- HR liability control - Admin costs/labor - Client satisfaction	- Legal liability control - Legal \$/quality - Client satisfaction	- AR/AP balance - Time to close - Client satisfaction	<ul> <li>Compliance \$</li> <li>Issue prevented/ resolved</li> <li>Client satisfaction</li> </ul>
Solution strategy development innovation lab Medical Science R&D Patient experience R&D Technology strategy User acceptance testing	<ul> <li>Branding</li> <li>Product marketing</li> <li>Events</li> <li>Social media mgmt, montoring &amp; response</li> <li>PR</li> <li>Market analysis</li> <li>Communications</li> </ul>	New state/region solution design     New state/region implementation & activation & New state/region implementation QA Early group/patient adoption	- M&A - Strategic communications - Strategic communications - Strategic patrnes - Trategic patrnes - Investor/Board relations - New initiatives	- Financial planning & analysis - Financial risk analysis - Board support - M&A support - Business intelligence	- Values alignment     - Values alignment     - Recruing support     Staff nainog support     Staff nainog support     - Cultural events     Performance eval support     Internal comms support     Employer brand support     COffice evvicoment	- Salary & benefits admin - Payroll admin - Hiring compliance - Firing compliance - Issue resolution	- Contract administration - Risk assessments - Legal support - IP Dev & Protection	- Accounts receivable - Accounts payable - Payroll processing - Cash flow mgmt - Profit control - Financial reporting	<ul> <li>HIPAA compliance</li> <li>Clinical compliance</li> <li>Security compliance</li> <li>Marketing compliance</li> <li>Compliance trends</li> </ul>
Application owners									Company-Centric Longer-Range Focus Centralized Control

## Figure 41. Example of a Divisional/Regional Structure.

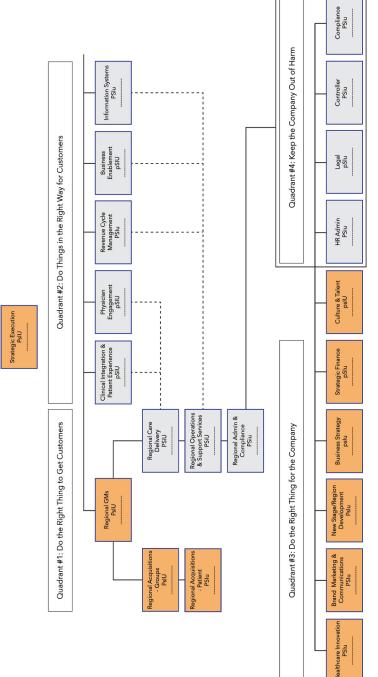


Figure 42. Example of a Matrix Structure.

Function	Code	Reason
Strategic Execution	PsIU	Needs to put pressure on the system to drive results (Produce), evolve (Innovate), and work as a unified team (Unify).
Quadrant 1 – Do	the Righ	t Thing to Get Customers
Demand Generation	PSIu	Needs to drive daily/weekly results (Produce), analyze trends and conversion metrics (Stabilize), and find creative ways to drive new leads and respond to changing conditions (Innovate).
Direct Sales & Account Management	PsiU	Needs to drive daily/weekly results in the form of new and repeat sales (Produce) and to build rapport with a wide variety of client types (Unify). Note that a high Innovating force is not required for the head of Direct Sales and Account Management at PeoplePower's current lifecycle stage because it is becoming less about creative business development and custom sales, and more about leading a sales team to sell its standard offering.
Channel Sales & Channel Management	PsIu	Needs to drive new channel partner accounts (Produce) and to find creative applications (Innovating) to align with those partners' own growth strategies. Notice that the head of Channel Sales is a different style than the head of Direct Sales. One is doing true business development. The other is building a highly focused sales engine.
Quadrant 2 – Do Things in the Right Way for Customers		
Customer Success	PSIu	Needs to have a strong drive to improve customer engagement and retention (Produce). Needs to love metrics and analysis network-wide (Stabilize). Needs to find creative ways to optimize the customer journey and customer experience, and to be a thought leader (Innovate).

Function	Code	Reason
		<i>Note</i> : I am coding for a really driven, smart, creative, and data-driven Customer Success function (PSIu). But often Customer Success is thought of as more of a cheerleader with a high Unifier style. "Yeaahhh Customers!!!!" The right PSIU code will be dependent on your business model and strategy.
Customer Operations	PSiU	Needs to have a high drive to get clients onboarded quickly, to respond to client needs (Produce), and to build and maintain processes to respond accurately and efficiently at scale (Stabilize). It needs enough Unifying force to connect with a wide range of client styles involved with implementation and support (Unify).
Product Management	pSIU	Needs to bring order out of chaos and pays close attention to details (Stabilize). Needs to understand the big picture enough to align short-range development needs to it (Innovate). However, the Innovating style here cannot be so large that it competes with the vision and strategy in Quadrant 3. In other words, it needs to support the vision, not compete with it. It also needs to understand and empathize with a wide variety of stakeholder needs and to be able to make hard prioritization decisions in a way that builds commitment vs. resistance (Unify). <i>Note</i> : You may be asking why there is not also a high Producing force here? There does need to be a healthy Producing force in Product Management, but it just should not be dominant. Everything is a trade-off. What we are trying to do with this role is to have a high Producing force to
		its left (in customer-facing functions) and to its right (in operations and engineering functions) and this role must be able to harness that drive into a cohesive cross-functional team.

Function	Code	Reason
		See Appendix for a job description for Product Management.
Business Alignment	pSIU	The PSIU forces between Business Alignment and Product Management are similar because both are linchpin roles that work across the organization. But the skills and interests of Business Alignment are more oriented towards company-wide alignment, cross-functional process improvements, business analysis, and throughput for the entire organization, while Product Management is focused on direct product-related activities. See Appendix C for a detailed description of Business Alignment.
Data & Internal Tools	PSiu	Data & Internal Tools serves the internal needs of the organization and needs a high drive to be responsive to the needs of internal stakeholders (Produce). It needs a high drive to understand the details and to make information systems efficient, secure, and scalable for the entire organization (Stabilize). If you want to add more creative thinking to this role, add more Innovating or PSIu. If you need more Unifying force to work better across with internal stakeholders, PSiU, OK! <i>Note</i> : I often get asked why Data & Internal Tools is not placed in Quadrant 4: <i>Keep the Company</i> <i>Out of Harm</i> . The reason why is that it is about meeting internal customer needs in a proactive way. The fact is that you can create a lot of leverage in your own organization by unlocking Data & Internal Tools from compliance or administration. It should be a proactive function that allows your organization to do more with less and deliver high-quality data to all employees. If you are intent on running machine learning algos, then you absolutely must free and energize this function to provide the data architecture and tools layer to the entire company. If it is placed in

Function	Code	Reason
		compliance or administration, then it will end up being very reactive and conservative. You want it to say "yes" most of the time, with attention to data security and integrity, but not "no" most of the time because everything is seen as a risk or a cost.
Platform Operations	PSiu	Needs to execute quickly (Produce) and methodically (Stabilize) to ensure a highly scalable, secure, and capable technical development and customer environment. Note: Platform and customer data warehouse architecture design and network security design may need a higher Innovating force (in the design and optimization phases) and if so, show it or bring it to bear during those phases.
Software Engineering	PSIu	Needs to have a high drive to ship code (Produce). Needs to ensure that the code is accurate and of high quality (Stabilize). Needs to understand the big picture and find creative ways to deliver it (Innovate). <i>Note</i> : I often get asked if Quality Assurance should be within Software Engineering or a separate function. In PeoplePower's case it is within Software Engineering, but it does require a separate role within the engineering team. In fact, every function in the business must be accountable for its own quality. However, if your organization is in a highly regulated or life-and-death industry, or it follows GMPC manufacturing standards, then you would break out a separate Compliance function into Quadrant 4 to act as a check and balance on Engineering, Manufacturing, and other functions. Make a distinction between having quality decentralized everywhere but compliance centralized in Quadrant 4.

Function	Code	Reason
Quadrant 3 – Do	the Righ	t Thing for the Company
Product Strategy & R&D	PsIu	Needs to set the product strategy and hold the product vision (Innovate) and to drive forward early Pilot It stage innovations and bring them to life (Produce). A code of PsIu is highly entrepreneurial. <i>Note</i> : Product Strategy could be an accountability of Business Strategy if that is appropriate for your business. I placed UX research and design here to show that this is a good location for long- range research and design or out-of-the-box perspectives. If your business model requires it, you could push shorter-range user research and user experience in Product Management. Think in terms of longer-range breakthroughs of what could be happening in Product Strategy & R&D and shorter-range optimizations of what is currently happening in Product Management.
Brand Marketing & Communications	PSIu	Needs to execute on marketing communications and collateral (Produce), pay attention to the details and impact of brand marketing and communications decisions (Stabilize), and understand and influence the brand narrative and market trends (Innovate).
Business Strategy	psIu	Needs to set and drive the long-range business strategy and put pressure on the system to evolve (Innovate). <i>Note</i> : As mentioned earlier, many inputs from the team and the environment need to go into the strategic decision-making process but only one role is accountable for signing off on the actual strategy, which is the head of Strategic Execution (i.e., the CEO or head of the company). For this reason, the head of Strategic Execution will usually wear the (hat) of Business Strategy. But if not, even if there is a Chief Strategy Officer

Function	Code	Reason
		or equivalent, the head of Strategic Execution is not delegating key strategic decisions. They can delegate the research, data gathering, development of early stage-prototypes, etc. but never the strategy itself.
Strategic Finance	pSIu	Needs to provide analysis and insight into financial and core business metrics (Stabilize) and to understand and support the big picture (Innovate) financially, including capital markets support, investment decisions, board support, etc.
		<i>Note</i> : I am not showing a high Producing force here, but it should be clear that every function needs a healthy Producing force. Just because I am not showing it as a capital P, does not mean the Producing force shouldn't be strong, vibrant, and healthy in every function. Think of this role as a financial and business conciliary to all other functions.
Culture & Talent	psIU	Needs to understand, sell, and support the long- range vision and strategy (Innovate) and to be able to connect with and intuit the true emotional needs and aspirations of others (Unify).
		Note: Culture & Talent (like every other role) needs a healthy Producing force too to drive the recruiting inflow, but this can often be delegated to a recruiting role that reports to the head of Culture & Talent. Also, as mentioned, every
		functional head must Produce to recruit their own team. The head of Culture & Talent provides recruiting, onboarding, and management support to the other functions in these areas. There is always a trade-off and in this role, trade for a higher Innovating and Unifying force.

Function	Code	Reason
Quadrant 4 – Kee	p the Co	ompany Out of Harm
HR Admin, Legal, and Controller	PSiu	These are the three roles in Quadrant 4 and we are looking for the same approximate style with different skill sets in each of them. In essence, we are asking them to keep the organization out of harm, which requires high attention to details and process (Stabilizing) but also to getting the daily/ weekly work accomplished (Produce) in support of the other functions from an HR Admin, Legal, and Controller perspective. <i>Note</i> : If you needed more Innovating force in Legal because you are operating in unknown waters, then you would look to add that to the role or outsource it to a law firm that specializes in a particular area. Also, if you needed more "people friendliness," then you would look to add some more Unifying forces to these roles but not at the expense of producing high-quality work quickly. Unifying is a nice bonus here, not a requirement.

 Table 3. Desired PSIU styles for each major function at PeoplePower.

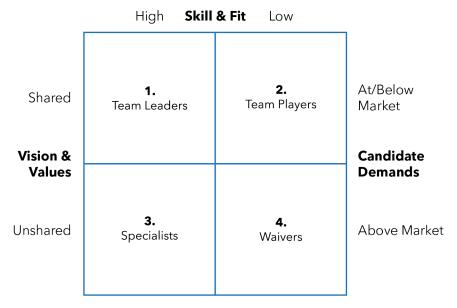


Figure 43. The Draft Board from my book How to Think About Hiring.

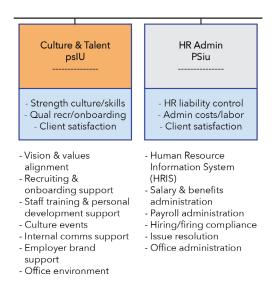


Figure 44. Put people into roles where they can focus and thrive.



Figure 45. Culture & Talent vs. HR Admin with the same player.



Figure 46. Consolidating Culture & Talent vs. HR Admin under a Chief People Officer.

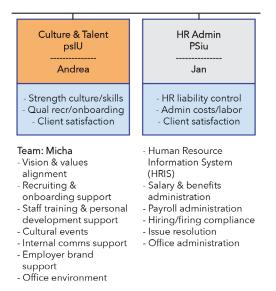


Figure 47. Culture & Talent vs. HR Admin role focus.

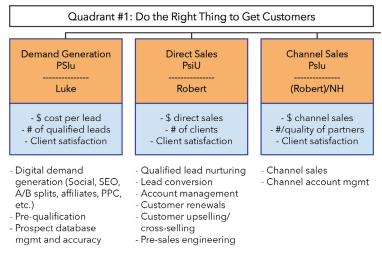


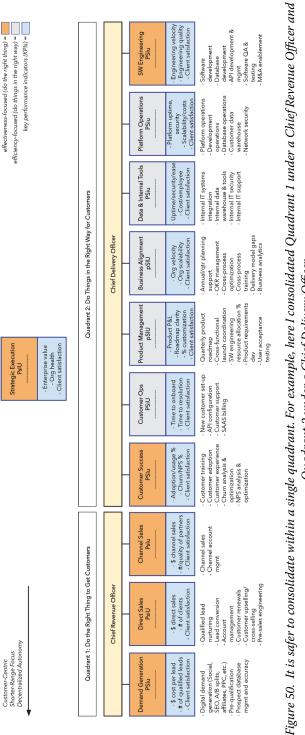
Figure 48. How Charlie staffed Quadrant 1 for PeoplePower.

 Engineering velocity
 Engineering quality
 Client satisfaction SW Engineering PSlu development - API development & testing M&A enablement mgmt Software QA & - Software development Database operations - Database operations - Customer data warehouse - Network security - Scalability/costs - Client satisfaction Platform Operations - Platform operations - Development Platform uptime PSiu Data & Internal Tools PSiu - Cost/employee Client satisfaction integration - Internal data warehouse & tools - Internal IT security - Internal IT support Uptime/security/eas Internal IT systems Quadrant 2: Do Things in the Right Way for Customers training - Delivery model gaps - Business analytics Org velocity
 Org scalability
 Client satisfaction Business Alignment pSIU - Annual/qtr planning support - OKR management - Cross-process optimization - Cross-process roadmap - Cross-functional launch coordination - SW engineering resource allocation % - Product requirements - Product P&L - Roadmap clarity - % customization - Client satisfaction oduct Management pSIU dev - User acceptance testing - Quarterly product Enterprise value
 Org health
 Client satisfaction Strategic Execution PsIU - New customer set-up - API configuration Time to resolution Client satisfaction Time to onboard Customer Ops PSiU Customer support SAAS billing Chief Business Officer Customer training
 Customer adoption
 Customer experience
 Chum analysis &
 Optimization
 NPS analysis & - Adoption/usage % - Chum/NPS % - Client satisfaction Customer Success PSIu #/quality of partners - Client satisfaction Channel Sales Pslu - \$ channel sales - Channel sales - Channel account Quadrant 1: Do the Right Thing to Get Customers mgmt Customer renewals
 Customer upselling/ cross-selling
 Pre-sales engineering - \$ direct sales
 - # of clients
 - Client satisfaction Direct Sales PsiU nurturing Lead conversion - Account management . Qualified lead Customer-Centric Shorter-Range Focus Decentralized Autonomy - \$ cost per lead - # of qualified leads - Client satisfaction Digital demand generation (Social, SEQ, APC, splits, affiliates, PPC, etc.)
 Pre-qualification
 Prospect database mgmt and accuracy Demand Generation PSlu

# Figure 49. Shows a common consolidation move for a Chief Business Officer to oversee all of sales and delivery.

**CHAPTER 13** 

effectiveness-focused (do the right thing) =



## Quadrant 2 under a Chief Delivery Officer.

## **DESIGNED TO SCALE AUDIOBOOK IMAGES**

effectiveness-focused (do the right thing) =

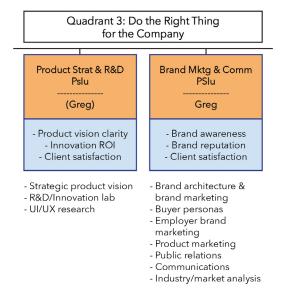


Figure 51. Assigning (hats) within a quadrant is generally safer.

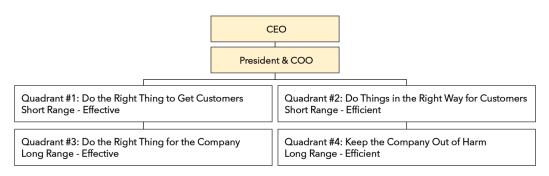


Figure 52. Beware of the Queen of England.

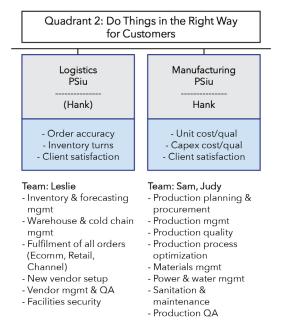


Figure 53. Example of how to assign (hats) within a quadrant.

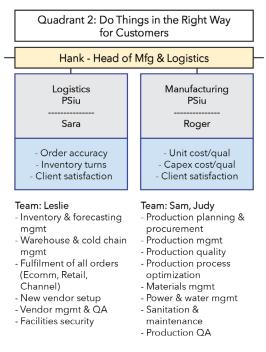


Figure 54. Example of consolidating within a quadrant.

Dominant Style	Typical Reaction
Producer	Will this help us execute better in the short-term? If so, let's get on with it already!
Stabilizer	Wait! There are way too many details to work through. We need more time to plan!
Innovator	Will this new structure help us with our long-term strategy and innovation? If so, let's get on with it already!
Unifier	Wait! This can cause pain and uncertainty for our staff. We need more time to plan!
Everyone	What's my role? Who's my boss? Where will so-and-so end up? Will there be a cost or a benefit to me?

Table 4. Different PSIU styles react differently to seeing a new structure.

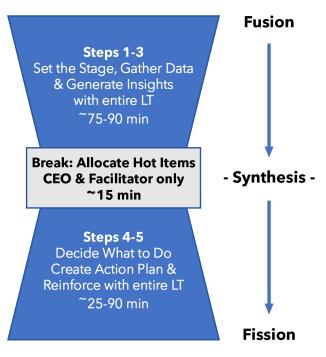


Figure 55. The Leadership Team (LT) Process.

111							
	#	Session	Frequency	Horizon	Est. Duration	Accountable	Attendees
	1	Strategic Planning & Alignment	Annual	3+ years out	1.5 days	Strategic Execution	Leadership Team+
	2	Strategic Marketing & Analysis Planning	6 to 9 months	2+ years out	1/2 day	Brand Marketing	Leadership Team+
	ŝ	Strategic Innovation R&D Planning	6 to 9 months	2+ years out	1/2 day	Product Strategy	Leadership Team+
	4	Strategic Workforce Planning	6 to 9 months	1+ years out	1/2 day	Culture & Talent	Leadership Team+
1	2J	Strategic Financial Planning and Budgeting	6 to 9 months	1+ years out	TBD	Strategic Finance	Leadership Team+
	9	Strategic Demand Gen Planning	1 to 3 months	3 to 6+ months out	1/2 day	Demand Gen	Brand Marketing, Product Management, Sales, others as appropriate

#		Session	Frequency	Horizon	Est. Duration	Accountable	Attendees
~		Tactical Objectives & Key Results (OKRs) Alignment	Quarterly	Next quarter to 1 year	1 day	Functional heads	All
8		Tactical Business Alignment	Monthly to Quarterly	1 to 6 months out	1/2 day	Business Alignment	Functional heads and teams that need the help
6		Tactical Workforce Alignment (Recruiting, Onboarding, Support)	Monthly to Quarterly	1 to 6 months out	1/2 day	Culture & Talent	Functional heads and teams that need the help
10	<u> </u>	Tactical Financial & Budgeting Alignment	Monthly to Quarterly	1 to 6 months out	TBD	Strategic Finance	Functional heads and teams that need the help
11		Tactical Client Onboarding Optimization	Weekly to Monthly	1 to 3 months out	1 hour to 1/2 day	Onboarding & Customer Support	Product Management, Sales, Customer Success, Business Alignment, SW Engineering, Strategic Finance

#	Session	Frequency	Horizon	Est. Duration	Accountable	Attendees
12	Tactical Demand Gen Alignment	Weekly to Monthly	1 to 3 months out	1 hour to 1/2 day	Demand Gen	Brand Marketing, Product Management, Sales
13	Tactical Product Roadmap Alignment (upstream and downstream)	Monthly	1 to 3 months out	1 hour to 1/2 day	Product Mgmt Office	Anyone who wants to influence the short-range product roadmap
14	Leadership Team Alignment	Weekly	1 to 3 months out	1/2 day	Strategic Execution	Leadership Team
15	Tactical Departmental Alignment	Daily to Weekly	1 to 6 weeks out	15+ minutes	Functional heads	Each department
16	Strategic Communications & Alignment	Weekly Email to Monthly All-Hands	Ties together short- to long- range	TBD	Strategic Execution	All
	L	able 5. The strateg	Table 5. The strategic execution meeting cadence for PeoplePower.	ng cadence for I	2eoplePower.	

$\checkmark$	Ten Best Practices for Strategic Execution Sessions	
1	Start on time and end on time.	
2	Defreeze the group to start and reinforce at the end.	
3	Make a clear statement of purpose up front.	
4	Call out up front who is the <b>implementer (decision-maker)</b> and who is the <b>facilitator</b> .	
5	Gather data from the team before generating insights and making a decision.	
6	Assign follow-up <b>Who</b> , <b>What</b> , and <b>When</b> in the central <b>Action Plan</b> .	
7	Keep the number of attendees to only the <b>minimum</b> number of participants who are required to <b>gather the mass</b> and <b>execute fast</b> (e.g., 2 pizza-box teams).	
8	Avoid meetings just to have meetings. Instill a mindset that if you are not adding value or receiving value, you should leave the meeting.	
9	Record meetings and use them to build shared consciousness across the org. (Bonus: others can watch or listen in half the time).	
10	Instill a <b>bias for action</b> . It is the implementer's job to make the decision. As long as a good process was followed, it is perfectly fine to disagree and commit. In the case of a <b>Type 1 decision</b> , a proposal must be made to the Leadership Team.	

 Table 6. Ten best practices for strategic execution cadence sessions.

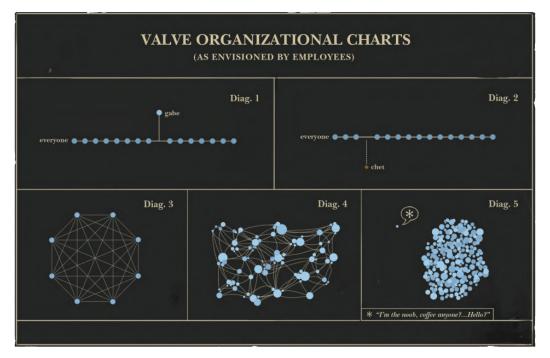


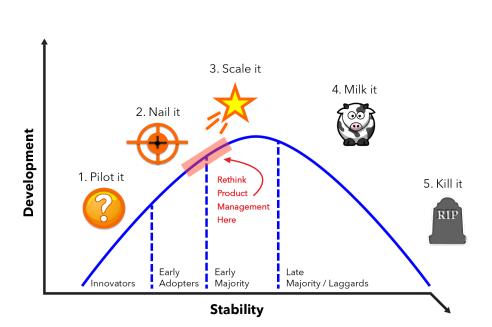
Figure 56. Excerpt from the Valve New Employee Handbook.

## **CHAPTER 20**

Leverage Point	Purpose
Strategy	Ensuring that the organization is pursuing the right strategy, adjusting for its lifecycle stage, and making bold strategic bets.
Culture	Ensuring that the core vision and values, communication norms, and a growth mindset are alive, modeled, and reinforced, especially by the leaders.
Structure	Ensuring that the organizational structure supports the evolving strategy with the right balance of short-range and long-range, efficiency and effectiveness, and control and autonomy. When the strategy or lifecycle stage changes, change the structure.
Process	Ensuring that key processes are well run, well facilitated, and continuously optimized for short-range and long-range execution. Decision-making processes are what enable authority to be pushed deeply into the organization so that self-organization and autonomy are the norm. Process brings structure alive.
People	Ensuring that the right leaders (those with alignment of vision, values, skill, style, and demands) are energizing the right seats in the structure for its lifecycle stage. If a leader is a misfit, or if the needs of the role are about to supersede their personal capabilities, they must be replaced in that role. Leaders matter.

*Table 7. The leverage points for leading more by design.* 

**APPENDIX B** 



*Figure 57. The stage between late Nail It and early Scale It usually requires a new approach to Product Management.* 

## **APPENDIX C**

Product Management Office	Business Alignment Office
Short-range product roadmap	Short-range cross-functional process improvement roadmap
Product release coordination	Cross-functional process improvement coordination
Product resource allocation	Business Objectives and Key Results (OKRs) coordination
Product requirements	Cross-functional process requirements
Product managers	Business analysts
Product gaps	Delivery model gaps

Figure 58. Comparing Product Management with Business Alignment.

## "One of the best business books I have ever read."

- Gareth Dickens, CEO, ConvenientMD

"Simple, logical, profound." - Stan Smith, President, Silver Hills

"Management genius." - Michael Cassau, Founder & CEO, Grover

"Master when and how to change structures."

- Ozzie Goldschmied, former CTO, Ceridian

"Accomplish in 5 days what used to take 3 months." - Kristian Gjerding, CEO, CellPoint Digital

"The rarest bird of all—a useful management book."

- Daniel Needham, President & Chief Investment Officer, Morningstar Investment Management

Have you ever wondered why some businesses scale while others fail? For every company that triples in size, thousands lose their momentum and get stuck.

Every business leader aspires to achieve and sustain growth, but most come up short. Usually this happens because the early start-up structure is not designed to support their next-stage business strategy. It is not *designed to scale*.

For a company to execute on its strategy and scale up, its leadership must know why, how, and when to change the organizational structure. They must also know how to design the structure so that the right people can play key roles where they thrive.

Designed to Scale explains the principles of scalable organizational structure: What are the structural traps that kill business growth? How do you successfully and quickly change your company's trajectory? How do you design an agile and responsive organization that lasts?

In this insightful and eye-opening book, author and business scaling expert Lex Sisney dispels the most common myths about organizational structure and shows you what really works—giving you a clear, actionable blueprint to grow your company exponentially and sustainably.



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