

N. D E A N M E Y E R

# HOW ORGANIZATIONS SHOULD WORK

ENVISIONING A HIGH-PERFORMING ORGANIZATION  
MADE OF A NETWORK OF INTERNAL ENTREPRENEURS

**Contents:**

- ✓ Case study
- ✓ Vision
- ✓ Mechanics
- ✓ Implementation
- ✓ Leadership  
plus Book Summary

*"Keep your eyes on the stars, and your feet on the ground."*

Theodore Roosevelt

## Dear Reader:

I confess.... I fit Peter Drucker's characterization, "monomaniac with a mission." I've devoted my career to just one thing: figuring out how to create high-performing organizations in which every group operates as an empowered, entrepreneurial business within a business.

I've seen that these kinds of organizations earn the position of *supplier of choice* to their customers, and are an *employer of choice* that attracts, inspires, leverages, and retains top talent.

This is not another book about your leadership skills. It's about engineering the *organizational systems* — structure, teamwork processes, resource-governance processes, culture, and metrics — that constitute the "ecosystem" within which we work. It's about building the legacy of a fundamentally well-designed organization that performs brilliantly, now and long after you've moved on.

## Snapshot of the Market Organization

This book offers a vision of how organizations *should* work. I call this vision the "**Market Organization.**" Here's an overview:

- The **management hierarchy (reporting structure) fulfills its usual roles** of structuring subordinate domains, communications and coordination, and inspirational leadership (including performance management). **But hierarchy is not the way work gets done.**
- Every box on the organization chart is a **business within a business**, defined by the products and services it provides.
- **Groups "sell" their products and services to customers**, be they external or other groups within the company (with or without chargebacks). Thus, **every group is a "shared service."**
- **Staff think and act like entrepreneurs.** They're customer focused, accountable, prudent about spending, and innovative.
- **Project teams form dynamically** across the entire organization, as groups "subcontract" for help from their peers. Within each team,

it's **clear who's accountable for the entire project/service** and what sub-deliverables every other team-member is accountable for.

- Thanks to this excellence in teamwork, there's no need for self-contained silos. And with a culture of customer focus, there's no need for decentralization. **Staff can specialize, which lowers costs and significantly augments performance.**
- **Budgets are based on what groups are expected to deliver** (not past years' spending), so resources match expectations.
- **Priorities are adjusted dynamically** throughout the year, as opportunities and imperatives require. For internal service providers, their internal customers are in control of their priorities.
- **Staff are empowered** with authorities (resources, information, and decision rights) that match their accountabilities.

### **Warning: It's About Vision and Possibilities**

This book is not a compendium of "best practices" (what the so-called "best" companies are already doing). And it's certainly not about common practices (what most of our peers are doing).

This book is about *ideal* practices — the best we can imagine. It's about aspirations and possibilities.

And it *is* possible. All the pieces of this operating model have been successfully implemented many times. This book envisions an organization where all those pieces are working in concert.

But please don't ask who's done all this. For leaders, the right question is, *could I do this?* That's why we call them leaders!

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*'T is not too late to seek a newer world...  
to sail beyond the sunset...  
to strive, to seek, to find, and not to yield.*

— Lord Alfred Tennyson, *Ulysses*

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## Applicability

The Market Organization applies to all industries, including government and not-for-profits.

It applies to companies that sell off-the-shelf products and services, as well as custom solutions and professional services. (The imaginary technology company I chose to illustrate the concepts does all of that.)

It applies to organizations of all sizes and stages of growth, starting with ventures where it can build scalable organizations with mature processes while retaining their entrepreneurial spirit, on up to multi-nationals where it breaks the paradox of localization and global synergies.

And this operating model applies to departments (such as IT) as well as entire companies. *Throughout this book, the word "organization" refers to either an entire enterprise, or a department within it.*

This book can help leaders in two situations:

- You might have the opportunity to drive an organizational transformation. If so, this book provides a detailed blueprint of an inspirational end-state, as well as step-by-step guidance on how to plan and implement a transformation.
- Alternatively, you might face pressing problems and need to fix them quickly. The vision in this book will help you design a series of incremental changes that address immediate needs, work well together, and build toward a consistent end-state.

My goal is to help you envision and communicate, clearly and in detail, a compelling goal — one that stretches people's thinking, builds excitement and commitment, and guides the design of each organizational change you make on the way to your vision.

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*Follow me as far as you can,  
and for the rest let us remain good friends.*

— Irving Stone, *The Passions of the Mind*, Book 4

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## **Told as a Story**

I explain the Market Organization through a story....

A CEO is about to start a new job, and decides to dedicate the next phase of his career to creating a *truly great* organization.

He seeks out another CEO who's done exactly that, and he's introduced to each of that company's senior leaders.

Through a series of conversations, he discovers a high-performing organization where people at every level are empowered, entrepreneurial, customer focused, team oriented, frugal, and innovative.

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*Imagination is the first step in invention.*

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He also learns how this operating model was implemented, through a series of step-by-step, principle-based, participative change processes.

*NAVIGATION AID: If you become impatient with the prose, there's a Book Summary (akin to Cliff's Notes<sup>[R]</sup>) at the end.*

## **My Hopes for this Book, and for You**

I hope this book provides you with inspiration, vision, and a pragmatic handbook for your transformation initiatives.

And with the help of your team, I hope it helps you engineer, and lead, an organization that performs brilliantly and is a really great place to work.

— Dean Meyer

**"Keep your eyes on the stars, and your feet on the ground."**

Theodore Roosevelt



= high-performing organization

- ❑ Supplier of choice to customers → bottom line
- ❑ Employer of choice to staff → talent

**As a leader, I've seen it all too often:** misaligned priorities, role confusion, functional silos, blurred accountability for results, missed commitments, overworked teams, and little strategic value. Our successes relied on individual heroics – not a reliable process, not scalable, and not a reasonable way to treat my team!

Over the years, I adopted many "best practices," hired new leadership teams, and followed the recommendations of industry analysts and consultants. Each of these specific solutions to specific problems had its benefits; but together, they didn't add up to a comprehensive solution, and didn't move the needle all that much.

Then, I came across Dean Meyer's work – the vision described in this book, and the systemic change strategies documented in his prior books. It's a comprehensive and timeless solution, founded on solid principles and decades of experience and insights. It's both visionary and pragmatic; and it comes with detailed implementation methods that include needed change-management practices. I am most impressed by how comprehensive it is, addressing all the gaps those point-solutions leave open.

As we implement this vision, we're seeing steady progress on all the issues. And while it takes time, thanks to a well-defined end-state and transformation strategy, our team and clients understand where we're going and the steps involved. Staff are excited about finally tackling the root causes of problems that previously were thought to be unresolvable. And they appreciate what a special opportunity they have to be part of this transformation.

If you want to make a real difference in your organization, I encourage you to start by reading this book.

– Carman Wenkoff  
CIO, Fortune-100 company

