

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

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~ PART 1 ~

**My Next Career Adventure**

*in which I decide to create an amazing organization*

As a seasoned corporate executive, I certainly didn't expect that a single day would fundamentally change my world-view.

Yet one extraordinary day did just that.

In that one day, I got more valuable insights than I'd gotten in years of leadership experience and hobnobbing with other C-level leaders — insights on how to make organizations work *significantly* better.

Beyond that, I left that day with a profoundly different understanding of what great leadership is about.

You're skeptical? I was too. With all the leadership advice we get these days, we have to be.

Nonetheless, I pride myself on being a life-long learner and went in with an open mind. That paid off. Let me tell you the story of that day....

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*Dean's eloquent 'storification' of the protagonist's enlightenment makes it an extremely digestible read.*

— Ade McCormack, author, thought leader, and keynoter

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## Chapter 1: My Next Adventure: Build a Legacy

*Chapter summary (key take-aways): page 465*

Why the heck would a seasoned executive like me take a whole day to study a "model" organization?

Before I take you on my journey that day, let me attempt to answer that question....

### **I Quit!**

I'd been a CEO in two prior companies. In my last job, my company was reasonably successful; I enjoyed working with a good leadership team; the Board was happy with me; and I was compensated quite well.

But I was bored and tired.... I was tired of having to settle controversies among my senior leaders. I was tired of getting drawn into doing my leaders' strategic thinking for them. I was tired of solving the same internal problems, under different guises, again and again.

It was a treadmill, each day more of the same.

Sure, launching new strategies and doing acquisitions deals was fun. But then came the tedious work of making sure the organization executed those strategies and integrated those acquisitions. It seemed there were so many obstacles: confused accountabilities, poor teamwork, misaligned resources, a lethargic culture.

With each passing day, I felt more and more worn down. And worse, I became increasingly annoyed — at my colleagues, at my job, at the world, at myself. I'd lost touch with my WHY. <sup>6</sup> *Ref*

This was not what I wanted to be doing with my life! And I knew that the burn-out I was feeling could cause serious health issues. So I quit.

## For My Next Job, a Worthwhile Adventure

I took some time with my family and my hobbies. After six months, the burn-out faded and I began to feel the itch to take on another challenge. But I wasn't at all clear on what that challenge would be. I certainly didn't want to jump into another situation like the one I'd just left.

I spent time with friends, including other C-level executives. And I spent time alone, contemplating what drove me to quit and what I really wanted out of the next (perhaps the last) phase of my career.

What I eventually came to understand was this: I didn't want to just run a company. It wasn't even enough to turn around a losing company. Been there, done that!

I wanted my next job to be something meaningful, something more than just making money for shareholders — a *worthwhile adventure*.

With that in mind, I committed to really challenging myself as a leader. For my worthwhile adventure, I decided I was going to build a real showcase — a company that's really *great*.

So, that got me thinking about what "great" means.

Is it just making innovative products and services that please customers, beat the competition, and generate shareholder value? Of course we have to do all that. But that alone isn't greatness. Many companies do that.

There must be something more....

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*I want a worthwhile adventure as a leader.  
I want to build a showcase — a company that's really great.  
So, that got me thinking about what "great" means.*

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## What Is "Great" Leadership?

For some reason, thinking about what makes for a "great" organization brought Frederick the Great to mind.

I remembered a college history professor saying that Frederick the Great of Prussia lost the battle of Jena in 1806. <sup>7 Ref</sup> This was an interesting observation since he'd died 20 years earlier, in 1786.

Despite his personal skills at battle strategy, Frederick left the legacy of a dysfunctional organization. In the war with Napoleon, the Prussian army consisted of three squabbling chiefs of staff, each with their own armies and battle strategies, and very poor communications among them.

The organization had failed at innovation; tactics and training had not been updated for decades. They were overly dependent on outsourcing (mercenaries). And there was a culture of arrogance.

As a result, Napoleon was able to swiftly destroy the Prussian army before a large Russian contingent could arrive to reinforce it.

Frederick the Great was, ahem, great — *as an individual*. But his organization's success depended on him, personally, being there to direct everything. Once he was gone, things fell apart. He certainly did *not* build a great organization.

With that, it clicked! I realized that "great" isn't a matter of me, personally, making great decisions and leading the charge. That's exactly how I'd signed up for those 60-hour weeks that were killing me. And by the way, that was a losing strategy. Despite my long hours, there was never enough of me to go around.

I used to think my job was to deliver great business results. But I came to believe in a higher purpose. I came to understand that truly great leaders leave the lasting legacy of organizations that perform brilliantly now and long after they've moved on.

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*Great leaders leave the lasting legacy of organizations that perform brilliantly now and long after they've moved on.*

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### **Engaging Every Bright Mind**

With this goal in mind, it was easy to see that "great" isn't just about recruiting a great senior leadership team. Sure, I always try to surround myself with top talent. But people come and go. Frederick the Great had excellent generals under him; but that didn't mean he'd built an organization that worked great.

The truth is, there are smart people at every level of a company, all of whom should be contributing all they can. I don't mean some little suggestion box. I mean an organization that liberates *all* their creative energies.

In a great organization, *everyone* thinks strategically, in concert with one another. *Everyone* leads initiatives that deliver those strategies. *Everyone* runs today's business, and creates tomorrow's. Innovation occurs in every corner of the organization.

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*Not to innovate is the single largest reason for the decline of existing organizations.*

— Peter F. Drucker <sup>8</sup> Ref

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If I could build that kind of organization, I'd be remembered for all the careers that I helped to develop, and the successes that those people delivered on my watch and long afterwards.

And by the way, I noted, this also gave me a path out of the day-to-day grind that had burned me out in my last job.

## A Different Kind of Leadership

At this point, I was excited about my new purpose: to build an organization that fully engages all its talent. On to the practicalities....

All those people would have to be coordinated somehow — and not by me and my top executives, or we'd be a bottleneck (and no better than Frederick). Traditional hierarchical decision-making is not the answer.

This insight led me to understand that I'd have to design a very different kind of company — a different *organizational operating model*. (This is the point where the word "transformation" first came to mind.)

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*Transform: make a thorough or dramatic change  
in the form, appearance, or character.*

— Chambers Dictionary, 13th edition

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I came to see that the design of the organization is the key to performance, agility, and innovation. That insight made me look at my job in a very different way — not as the biggest cog *in* the machine, but rather as the designer *of* the machine — of that organizational operating model.

I had to admit to myself that I needed a new set of competencies: organizational design. I'd never studied this, at least not formally. But I felt confident that, with my years of experience and a bit of study, I could figure it out. And I liked the idea of learning something new.

The more I thought about this challenge and the adventure that lay ahead, the more enthused I got. I felt reinvigorated, and eager to get back to work. This would be fun!

My new perspective could have enlivened my last job; but of course, it was too late for that. So I started my search for a company where I could build my dream of a truly high-performing organization.

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*Great leaders are not cogs in the machine.  
They're designers of the machine.*

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## **My New Company**

You know the old adage, "Be careful what you wish for, because you might get it!" Well, my search was successful. In just six weeks, I was to start my new job as CEO of a well-established company that's in desperate need of transformation (whether it knows it yet or not).

My job interview process had included one-on-ones with Board members and key executives. And I did a bit of independent "research" (a.k.a. snooping). What I learned was disturbing (a.k.a. challenging).

Margins were adequate; but they were on a steady downward slide. It wasn't because of a bad economy; startups were prospering all around us. In recent years, competitors had beaten the company to market with innovative new products and lower prices, again and again.

Customers viewed the company's products as safe but boring. We had many loyal customers, but our market share was slipping. The whole situation felt highly vulnerable to disruption.

To make matters worse (more challenging), employee morale was upside-down: Engagement was low, and turnover was high.

I knew I could turn the numbers around with some fresh business strategies and two-way employee communications, as I'd done in past companies. But this time, I wanted to do more. This company will be the platform for my new challenge, for my next leadership adventure.

I just had one little problem....



## Chapter 2: If You Don't Know Where You're Going...

*Chapter summary (key take-aways): page 465*

Most leaders are familiar with Stephen Covey's second "habit": *begin with the end in mind*.<sup>9 Ref</sup>

Or as the old aphorism says: "If you don't know where you're going, any road will do."

I can build anything. I can drive change. But what the heck was I going to build? Change to *what*?

### **Need for a Vision of the End-state**

My goal was clear. But before I could develop an action plan, I needed a clear definition of the end-state — a blueprint, a detailed *vision* of the future organization.

I needed that vision for at least three reasons:

- To capture hearts and minds, we leaders have to explain to people what we're transforming them into — an inspirational goal. Vision should attract great talent, motivate staff, and convince customers that we're working to delight them.
- Vision provides a benchmark. The gaps between that "stretch assignment" and today's reality tell us what we need to work on. This way, we won't just react to the crises of the day.
- With a well-defined blueprint of the end-state, each step we take will be in a consistent direction. We won't zig-zag, or worse, make changes that take us in the wrong direction.

More fundamentally, a vision *creates the possibility* of it coming to be.

## What's a Vision?

So, what's a "vision"? In thinking about that, I came to these conclusions....

A vision is not a business goal (like market share or revenue growth), or a strategy (like acquisitions or digital business). It's a *description of an organization that can invent and deliver a continual stream of strategies to meet ever-evolving goals, year after year.*

And to be visionary, it has to be something big — a breakthrough. It can't be just fine-tuning ("rearranging the deck chairs on the Titanic").

Vision is not about current "best" practices (what others are already doing); or worse, common practices (where the lemmings went yesterday). It's about *ideal* practices — the best we can imagine. My vision may read like science fiction, but I'm not worried about that. I want to look as far into the future as I possibly can see.

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*In technology we expect bold experiments that... lead to major advances.  
But in matters of social organization we usually propose only  
timid modifications... and balk at daring experiment and innovation.  
But it is time to apply to business organizations the same willingness  
to innovate that has set the pace of scientific advance.*

— Jay W. Forrester <sup>10</sup> Ref

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## Clarity and Detail

I also realized that a vision that can inspire and serve as a blueprint has to be crystal clear.

It has to be much more than a marketing slogan like, "To deliver great stuff that helps our customers succeed."

And it has to be much more than a vague promise like, "We are committed to delighting customers with products and services that are of awesome value to them."

It's certainly not something we want to *get* like, "We will be recognized as wonderful."

To serve as a practical guide, a vision should describe exactly how the end-state organization will work, in as much detail as possible.

And I knew I had to put that vision in writing so that I could consistently communicate it, evolve it, and implement it.

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*A vision is... a dream created in our waking hours  
of how we would like the organization to be.*

— Peter Block <sup>11</sup> Ref

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### **I Needed a Role Model**

Once I was clear on the need for a detailed vision of the end-state, the real work began. I had a rough sense of the direction I wanted to take the organization — a highly engaged staff working in concert. But that wasn't enough. I needed to understand all the details — exactly how a really great organization works.

Despite what my spouse might say, I'm not so arrogant as to believe I have all the answers. If only I could see a high-performing organization in action....

I remembered a book on organizational design that had impressed me. I contacted the author (who coincidentally resembles the author of this book) and we had a great conversation.

He calls himself an "organizational coach" because (as he explained it) he's not only spent his entire career developing a science of

organizational design; he helps executives apply that science as they drive transformation processes.

He shared a compelling concept, what he calls the "Market Organization," where every group on the organization chart is a business within a business, serving a market comprised of the rest of the company and beyond. And he explained some of the principles and frameworks involved in transformations.

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*In a "Market Organization," every group on the organization chart operates as a business within a business, serving a market comprised of the rest of the company and beyond.*

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I told him of my desire to build a really great organization, and my need for a clearer vision of the end-state. And I asked him if he knew of any examples — perhaps not perfect, but getting there.

"Yes," he said, "one comes to mind."

He told me about a CIO who built an IT organization that transformed the entire company, inspiring technology-enabled strategies that gave it unique competitive advantages. Some say they even "disrupted" their industry thanks to this CIO.

He talked about how successful this organization was at attracting top talent in a very competitive labor market; and at building excellent relationships with IT's peers throughout the business (and not just the CIO's personal relationships with other corporate officers).

"And," the organizational coach concluded, "it was a sustainable success. As far as I know, it's still a great organization, even though he's moved on."

"Did he build the IT organization as part of a company-wide transformation?" I asked.

"No, he was the thought leader. CIOs don't need permission to develop high-performing IT departments. It's their job."

"You say he moved on," I said. "Is he still a CIO?"

"It's interesting," the organizational coach replied. "A smart headhunter viewed IT as a business within a business. Indeed, it is. <sup>12</sup> *IT* And she saw that this CIO was, in essence, a highly successful 'CEO' of a large tech business.

"He's now a real CEO of a tech company. And he's doing amazing things there."

"Will you introduce me?" I asked.

"Yes, of course."

The organizational coach emailed the two of us, and Carlton (that CEO) promptly replied and graciously offered me a tour of his company. The following week, I was on an airplane.

### **How to Use What I Learned**

In this book, I'll describe what I saw— the basis for what I've now adapted to be *my* vision of the end-state organization I intend to build.

You may not agree with everything in this vision. You may even strive for the opposite. That's fine, as long as you have your own vision and can describe it clearly to the people you lead.

Once you've defined your own vision, you'll know where you're going. So you'll know which road will do.

"Get on with the story," you're thinking. Okay, let's go....

**"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

