

## DESIGN ESSENTIALS

- Organizations exist for a purpose. Top managers decide the organization's strategic intent, including a specific mission to be accomplished. The mission statement, or official goals, makes explicit the purpose and direction of an organization. Operative goals designate specific ends sought through actual operating procedures. Official and operative goals are a key element in organizations because they meet these needs—establishing legitimacy with external groups, providing employees with a sense of direction and motivation, and setting standards of performance.
- Two other aspects related to strategic intent are competitive advantage and core competence. Competitive advantage refers to what sets the organization apart from others and provides it with a distinctive edge. A core competence is something the organization does extremely well compared to competitors. Managers look for competitive openings and develop strategies based on their core competencies.
- Strategies may include any number of techniques to achieve the stated goals. Two models for formulating strategies are Porter's competitive forces and strategies and the Miles and Snow strategy typology. Organization design needs to fit the firm's competitive approach to contribute to organizational effectiveness.
- Assessing organizational effectiveness reflects the complexity of organizations as a topic of study. No easy, simple, guaranteed measure will provide an unequivocal assessment of performance. Organizations must perform diverse activities well—from obtaining resource inputs to delivering outputs—to be successful. Traditional approaches use output goals, resource acquisition, or internal health and efficiency as the indicators of effectiveness.
- No approach is suitable for every organization, but each offers some advantages that the others may lack. In addition, a more recent approach to measuring effectiveness is the balanced scorecard approach, which takes into consideration financial performance, customer service, internal business processes, and the organization's capacity for learning and growth. Managers track and analyze key metrics in these four areas to see how they are interconnected and contribute to overall effectiveness.