Executive Summary

The focal problem facing Company XYZ is that sales are declining and employee morale is low. The contents of this report were carefully designed to address Company XYZ’s recent difficulties. Without addressing these concerns, Company XYZ will be in serious trouble and may not be able to regain their standing as an industry leader.

In order to solve this problem it is recommended that Company XYZ undergo a change in strategy, structure, and culture. Specifically, it is recommended that Company XYZ:

1. Pursue a strategy that places a high level of importance on innovation;
2. Restructure the organization so that it is flexible, innovative, and appropriate for the size of the organization; and
3. Begin to reshape the company’s organizational culture and the way in which day-to-day business is conducted; managers at all levels of Company XYZ will need to emphasize the values of ethics, creativity, and trust.

In support of this recommendation, the introduction of incentives to help induce the desired behaviours associated with creativity and innovation will help to perpetuate these behaviours throughout the organization. Creative and innovative behaviours will also be encouraged through the introduction of a much more flexible and decentralized organizational structure. In the long-term, with the help of modelling from the senior management team, the culture of Company XYZ will become much more associated with the beliefs and values necessary for an innovation-focused organization. It will be important that the senior management team take the time to ensure that employees are inspired by their company and are fully committed to the recommended plan.
Introduction

The contents of this report were carefully designed to address Company XYZ's recent difficulties. Specifically, Company XYZ is experiencing the issues of declining sales and decreasing employee morale; these concerns must be addressed in order for Company XYZ to regain their standing as an industry leader. Regarding the problem that is being faced, the senior management team at Company XYZ needs to consider the needs of their internal (e.g., employees) and external (e.g., customers) stakeholders in making an effective decision to address this problem. The underlying root causes and factors that are leading to the occurrence of these problems relates to a lack of alignment when it comes to Company XYZ's strategy, structure, and culture. Specifically, the current organizational strategy, structure, and culture are misaligned and primarily promote profitability and efficiency while undervaluing creativity and innovation. Overall, this problem needs to be resolved before the fiscal year end.

It is recommended in the current report that Company XYZ pursue: (1) a strategy that places a higher level of importance on innovation; (2) a restructuring of the organization so that it is more flexible, innovative, and appropriate for the size of the organization; and (3) a reshaping of the company's organizational culture and the way in which day-to-day business is conducted so that there is an increased focus on collaboration, innovation, idea-sharing and flexibility while increasing profitability. This recommendation highlights the uniqueness of Company XYZ's brand image and product line.

This report will provide an in-depth analysis of the problem that is being faced and this analysis will help to identify several viable alternatives for resolving the issues being experienced. The justification, specifics, and a short-, mid-, and long-term implementation plan associated with the recommendation will be presented.
The problem that was identified is analyzed through a systematic and thorough application of your course and/or program content.

Linkages to related exhibits.

Analysis

Company XYZ’s commitment to success is reflected in a strong brand image and prior financial success; however, Company XYZ’s current strategy, structure, and culture do not match the company’s mission statement and this has had a negative impact on Company XYZ’s overall performance.

Organizational Structure

Company XYZ’s existing structure is comprised of formal control, traditional hierarchies, and overall, is well-suited to a solely profit-driven organization (Exhibit 1). This efficiency-based structure hinders Company XYZ’s ability to reach its officially stated goal of being a creative and innovative industry leader. Efficiency-based organizational structures are not properly aligned with companies that desire to be highly creative and innovative in the work that is being performed (Daft & Armstrong, 2015). Thus, it is recommended that Company XYZ adopt a structure that aligns with the recommended strategy, focusing on innovation and Company XYZ’s uniqueness while maintaining profitability. There are two viable alternatives that may fit Company XYZ’s needs associated with designing a more creative and innovative organizational structure, which are explained and evaluated further under the next section of this report.
Alternatives and Decision Criteria

There are two separate organizational structures that are consistent with the recommended strategy and that fit Company XYZ’s needs. Each structure takes a different approach to balancing innovation with a focus on profitability and efficiency.

**Alternative 1**

The first alternative organizational structure, referred to as a matrix structure, is a unique structure associated with an equal balance of profitability and innovation. This includes having two separate groups of managers; one group will be responsible for the functional aspects of the organization, including marketing, accounting, and any other activities necessary for Company XYZ’s operations to continue. The second group of managers will be responsible for specific product lines including innovation and development. This structure will likely see one employee with two different managers; one for their product line and one for their associated functional department.

**Decision Criteria**

Each of the aforementioned alternatives can be evaluated using the following decision criteria (listed in order of importance and including the weighting of each criterion):

1. The recommendation must increase both sales and employee morale (60%).
2. The recommendation must align with a strategy that promotes innovation and product development (25%); and
3. The recommendation must be able to absorb Company XYZ’s growth in the future, including the ability to add or remove product lines as needed (15%).
### Title of Report

**Recommendations and Implementation Plan**

#### Recommendations and Implementation Plan

The hybrid organizational structure is flexible and will accommodate future growth and expansion, it has elements that specifically promote innovation, it maintains Company XYZ’s current geographic divisions, and it can be applied to an organization as large as Company XYZ. Based on this evaluation, it is recommended that the outlined hybrid organizational structure is most suitable for Company XYZ as it is in alignment with the recommended strategy and culture aspects of the recommendation.

#### Implementation Plan

Implementing the recommended hybrid organizational structure will add product-focused divisions and increase innovation within each geographic division and across the entire organization. In the short-term, Company XYZ should classify employees by the product or product line that they are most passionate about, regardless of their skill sets or job titles. Next, the company will be able to organize teams of employees with similar passions and a variety of skill sets. This will increase the attention that each product line receives and will ensure that every Company XYZ product is developed and improved by employees who truly care about creating innovative and high-quality products. The Vice President of Human Resources will be responsible for leading this part of the implementation plan and the costs associated with this part of the recommendation will total $15,000.00 for required time as well as productivity losses during this process. The impact of this process on the organizational members is expected to be positive as they will be consulted and involved in this change-based initiative.

Regarding an analysis of potential contingencies, it is possible that the majority of employees will request to work on one product line; if this occurs, then it will be important to have a fair and transparent process in place in order to determine the product teams.

1. **Discuss all of the specifics and details of the recommendation for solving the problem.**

2. **Present a thorough and well thought-out implementation plan for executing the recommendation and ensuring its success.**

3. **Be sure to include a contingency analysis of the possible problems that may arise from the recommendation and how they will be addressed if they do arise.**
Conclusion and References

Overall, this report has addressed Company XYZ’s recent difficulties and provided a comprehensive recommendation in order to regain their status as an industry leader. Blockbuster Video, Eaton’s, Eastman Kodak Company; some companies have failed or are failing based on not taking the swift and accurate actions required for continued success. Thus, it is of paramount importance to properly align Company XYZ’s strategy, structure, and culture as outlined in the current report in order to ensure that Company XYZ will be successful in the long run.

Exhibit 1: Company XYZ’s Current Organizational Structure