Scaling Tools

STAR Lab — Socio-Technical Action Research Lab

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Scaling Tools

❖ This challenge has to do with spreading worthwhile digital innovations across the enterprise

❖ Organizations are struggling to conduct four types of scaling activity: (1) rolling out optimized processes to the larger organization; (2) growing a start-up business to a full standalone P&L; (3) scaling agile units; and, (4) pushing a capability out to the value chain

❖ These tools are intended to help raise awareness of the challenge and to provide useful guides to actions you can take to scale innovations

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Scaling	Spread innovation	Many companies have initialized digital applications but have trouble diffusing them across the organization or the network ecosystem.
Helpful reading		Hoffman, R. (2018). *Blitzscaling*. Random House US. Valente, T. W. (1996). Social network thresholds in the diffusion of innovations. *Social networks*, *18*(1), 69-89.
Tools	Description	Use
Key Insights	Takeaways from the Lab	Learn what companies thought was important to know about this challenge
Design for Scaling	Galbraith's Star Model	This tool uses Galbraith's Star model to define the characteristics of organizations designed for scaling
When to Scale	Framework	Guidance on when to spin off innovative units and when to scale them
Ready to Scale?	Assessment	Evaluate whether your organization is designed to scale innovations
Things You Can Do	List of actions	Some suggestions from the Lab about what your company can do to become more ambidextrous

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Key Insights about Scaling

❖ The lack of a shared purpose is holding many organizations back. Strategy statements are too vague to provide guidance regarding scaling

❖ Focusing on the customer can be an effective way to unite disparate views of the digital roadmap.

❖ Scaling is an organization design issue; you are either designed to scale or you are designed to maintain the status quo.

❖ The existing culture has powerful antibodies that resist change and scaling. Since top leaders have the most ability to influence the culture through organization design choices, it would be good if they stepped up to do this but many are lacking the digital acumen or confidence to do so.

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Design for Scaling

Strategy

Scale digital solutions across the enterprise and ecosystem

Structure

Create a high level digital scaling planning team with responsibility for the integration of digital efforts
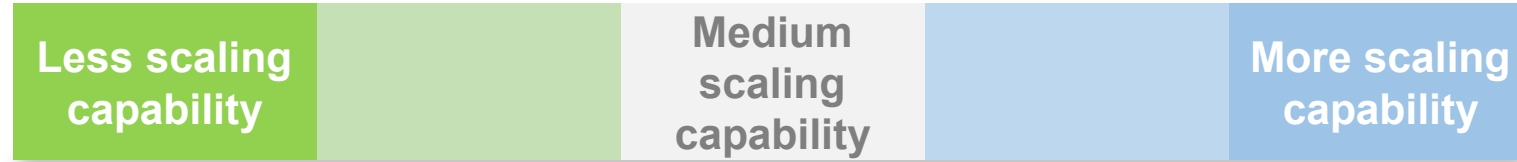
People

Provide learning and development to enhance common understanding of the digital roadmap

Rewards

Reward adoption of common solutions rather than one-off projects

Processes

Institute rapid scaling processes based on lean startup and design thinking

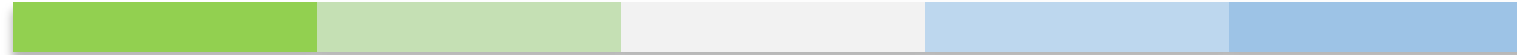# When to Scale

	Scale	Spin out
Business Model	Familiar	Unfamiliar
Talent	Existing talent can be developed as needed to scale	Need specialized talent who will demand different treatment
Customers	Existing	New
Footprint	Overlaps existing	Different geographies
Culture	Same mindset	Different mindset
Risk	Low	High
Speed	Similar	Much faster
Structure	Similar to existing	Need greater flexibility
Competition	Low threat	High threat
Growth	Similar	Exponential
Market share	High	Low

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Assessment: Is Your Organization Ready to Scale Innovation?

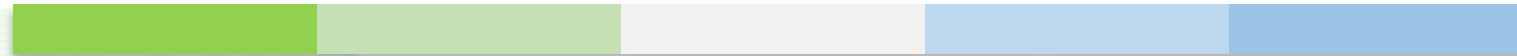| Less scaling capability		Medium scaling capability	More scaling capability	

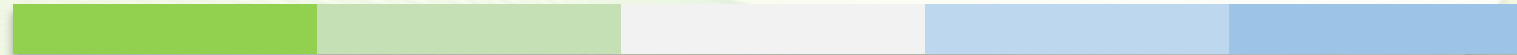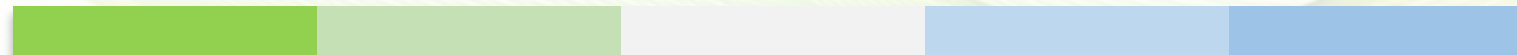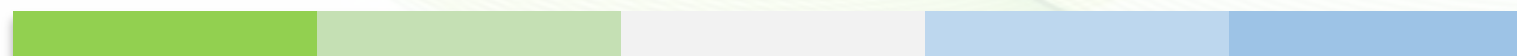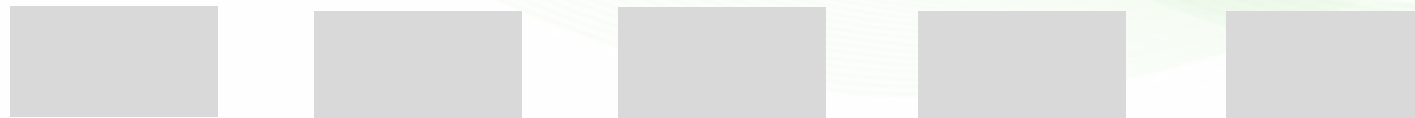|				
Distinct business units and functions with strong decision rights				**Power to make decisions held by end to end process owners**
Few informal connections Between units				**Many informal connections between units**
Rewards for individual accomplishments related to profitability, service or volume				**Rewards tied to shared objectives related to overall growth and performance**
"Do your own thing" culture				**Aligned, collaborative culture**
Few processes designed to integrate across units and with parties in the ecosystem				**Many prescribed processes for integrating across units and with members of the ecosystem**
Total and take the average of the checkmarks in each column to learn your scaling potential				

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Things You Can Do

❖ Assess whether your organization is designed for scaling and make changes where necessary.

❖ Push for top level agreement on the need for scaling digital innovations across the enterprise and its ecosystem.

❖ Create a clear and motivating purpose that drives aligned digital transformation.

❖ Develop a culture that supports scaling instead of "Wild West" innovation.

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The STARLab Alliance, Inc. is a non-profit learning consortium focused on creating next generation organization design and leadership models

The **Digital Organization Design STARLab** is a year-long learning experience that allows participants and subject matter experts to collectively explore and prototype practical and innovative responses to digitalization. STARLab Participants include 3-6 senior leaders from 10 companies, well-into the digital transition of their business models, who will partner with leadership and organization experts. The STARLab accelerates learning and creates organization design solutions that optimize the application of advanced technologies and human capital approaches to achieve agility and sustainable effectiveness.

STARLab Alliance Sponsoring Partners & Leadership

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Our partner, IRC4HR®, has provided funding to help make the STARLab Alliance program and research possible. Innovation Resource Center for Human Resources (IRC4HR®) is a 501(c)(3) private research foundation that seeks to make organizations more competitive, productive, and effective through improved people management practices and to serve the mutually beneficial interests of organizations, workers, and society.

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