



TenStep Supplemental Paper

21 February 2004

Opportunity-Based Organizations

Today's economy demands that organizations foster an entrepreneurial spirit in their employees. This makes organizations agile and focused. Luck favors such organizations! A hitch in this strategy is the demand for global expansions, which makes scalability and scope an issue.

Organizations have to stall global expansions to be agile. However, very few organizations have realized the benefits and reaped a bounty. For instance, *IBM* seeks to foster the entrepreneurial spirit of its employees by encouraging them to show initiative. *British Petroleum*, which has disaggregated into focused units, has no issue with growing large through acquisitions.

Creating entrepreneurial focus while leveraging and integrating far-flung resources is not easy for most organizations. However, there is a distinct advantage in being a global organization that fosters entrepreneurial spirit. The ability to give its employees privileged access to a wide range of resources throughout an organization! Amalgamating such resources to become more responsive requires lateral work across hierarchical lines. This is not feasible in the traditional management models!

Opportunity-based design

Some organizations designed a new organizational structure for their managers. The new design demands that the managers regard their business units as a portfolio of resources and opportunities to create value. The new design, called the opportunity-based structure, gives the managers the flexibility to use resources for promising opportunities. The result is an organization, which is more complex and poses new managerial challenges. This design helps organizations imitate the market responsiveness of start-ups, without sacrificing the advantages of scale and scope.

Functioning

The foundations for opportunity-based design are units that conduct day-to-day business, such as creating and marketing individual products. The superstructure is comprised of "opportunity units" that utilize elements of different businesses to tackle specific projects.

Typically, in opportunity-based designs, owners of opportunities and resources exist within the business unit. While working within the operating units, they discover opportunities. To exploit such opportunities, these managers, regardless of their positions, are authorized to mobilize whatever resources they need.

Leaders in the opportunity-based organization have to negotiate with owners of resources and also compete with them. Too much structure and control will bring the organization to a grinding halt. Too little will bring conflict. Employees need to juggle independent assignments, to build careers that move outward as well as upward and to satisfy the people with whom they interact.



TenStep Supplemental Paper

Whatever the drawbacks may be, most managers agree unequivocally that opportunity-based organizations embody best practices!