How to Implement a New Strategy Without Disrupting Your Organization

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Throughout most of modern business history, corporations have attempted to unlock value by matching their structures to their strategies: **Centralization** by function. **Decentralization** by product category or geographic region. **Matrix organizations** that attempt both at once. **Virtual organizations**. **Networked organizations**. **Velcro organizations**.

But none of these approaches has worked very well. Restructuring churn is expensive, and new structures often create new organizational problems that are as troublesome as the ones they try to solve. It takes time for employees to adapt to them, they create legacy systems that refuse to die, and a great deal of tacit knowledge gets lost in the process.

Given the costs and difficulties involved in finding structural ways to unlock value, it's fair to raise the question: Is structural change the right tool for the job? The answer is usually no, **Kaplan and Norton** contend. It's far less disruptive to choose an organizational design that works without major conflicts and then design a customized strategic system to align that structure to the strategy.

A management system based on the **Balanced Scorecard** framework is the best way to align strategy and structure, the authors suggest. Managers can use the tools of the framework to drive their unit's performance: strategy maps to define and communicate the company's **value proposition** and the scorecard to implement and monitor the strategy.

In this article, the originators of the **Balanced Scorecard** describe how two hugely different organizations -- **DuPont** and the Royal Canadian Mounted Police -- used corporate scorecards and **strategy maps** organized around **strategic themes** to realize the enormous value that their portfolios of assets, people, and skills represented. As a result, they did not have to endure a painful series of changes that simply replaced one rigid structure with another.