

Spring-2025 Business Seminar – Organization

Organization, March 6th, 2025
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3. Organization – Rita Agostinho

SONAE

Sonae is a multinational that manages a diversified portfolio of businesses in the areas of retail, financial services, technology, shopping centers and telecommunications

Rita Agostinho, Organization and Sustainability Director at SONAE Group

Theoretical Classes – Speakers



Learning Objectives: You Should...

... have a good understanding of what an “Organization” is, how it looks like, what it does

... be familiar with the issues shaping organizations today...

... grasp the relationship between organization, strategy, business success -

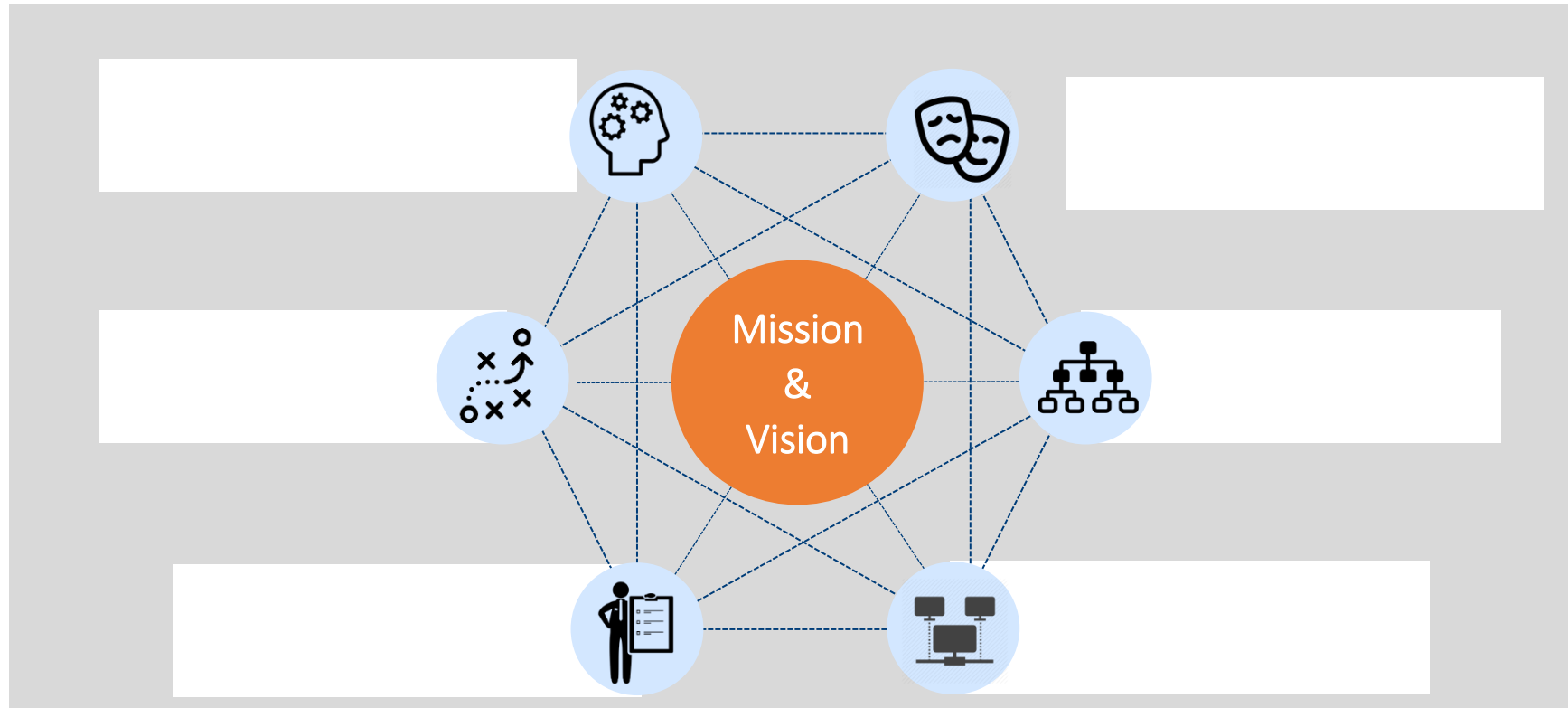
1.Organizational (Re)Design;

2.Talent Management; How to retain talent;

3.Organizational Culture

Building a strong company requires consistency across a set of dimensions

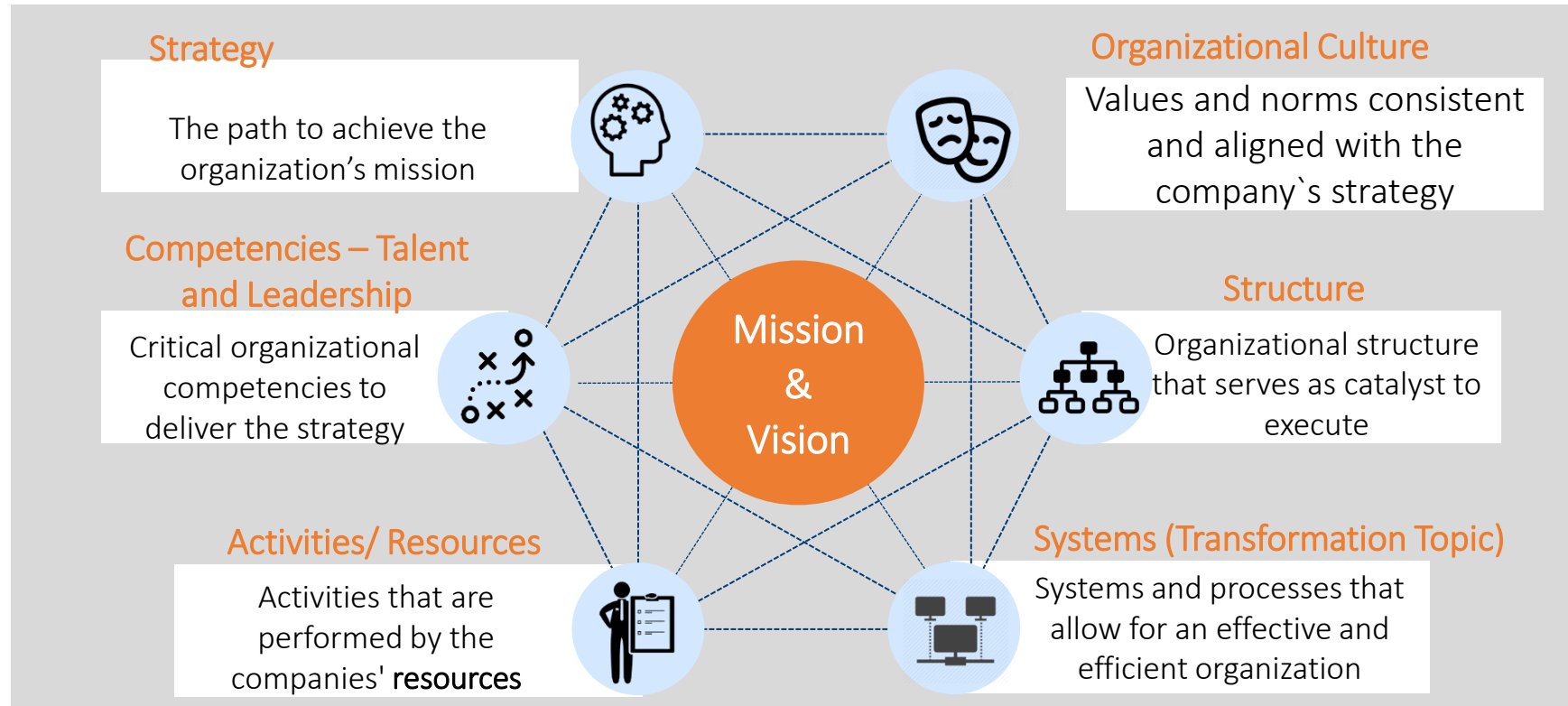
Dimensions of Organizational Effectiveness



Critical to ensure consistency between dimensions to deliver on the
Mission & Vision

Building a strong company requires consistency across a set of dimensions

Dimensions of Organizational Effectiveness



Critical to ensure consistency between dimensions to deliver on the Mission & Vision

Understanding the Dimensions of Organizational Effectiveness



**ZARA
CUSTOMER?**

PRODUCT?

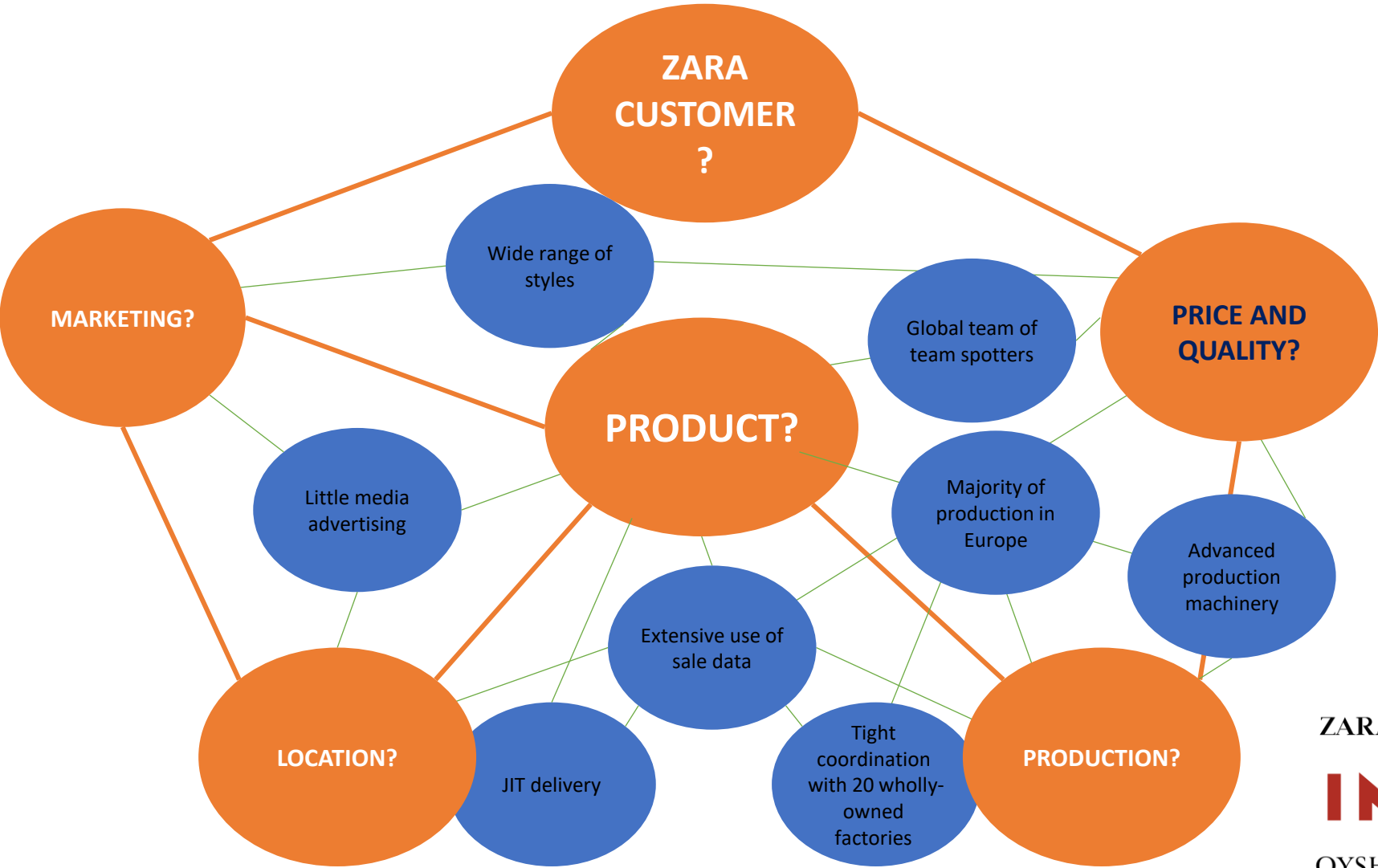
**LOCATION
?**

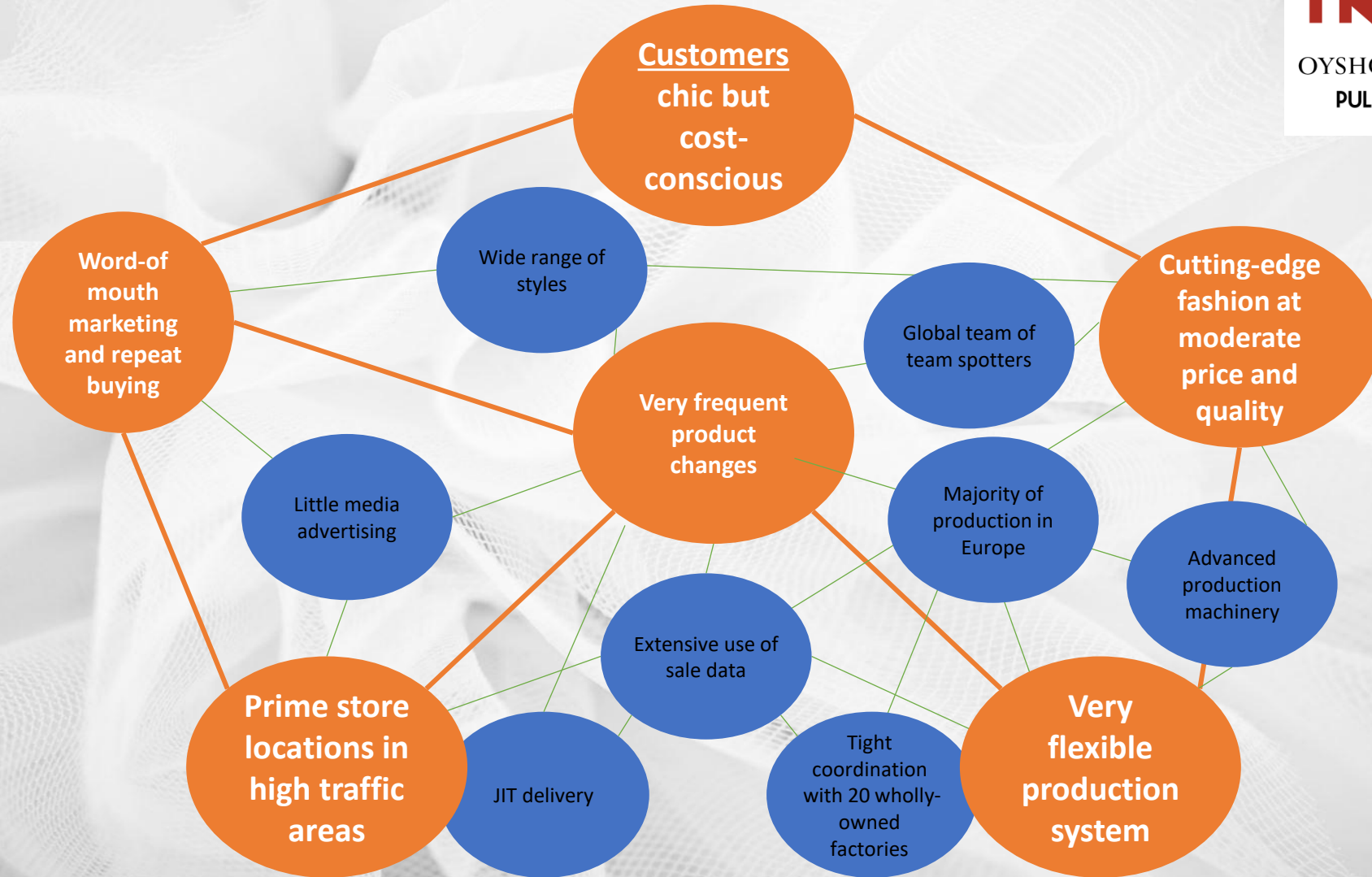
**PRODUCTION
?**

**PRICE AND
QUALITY?**

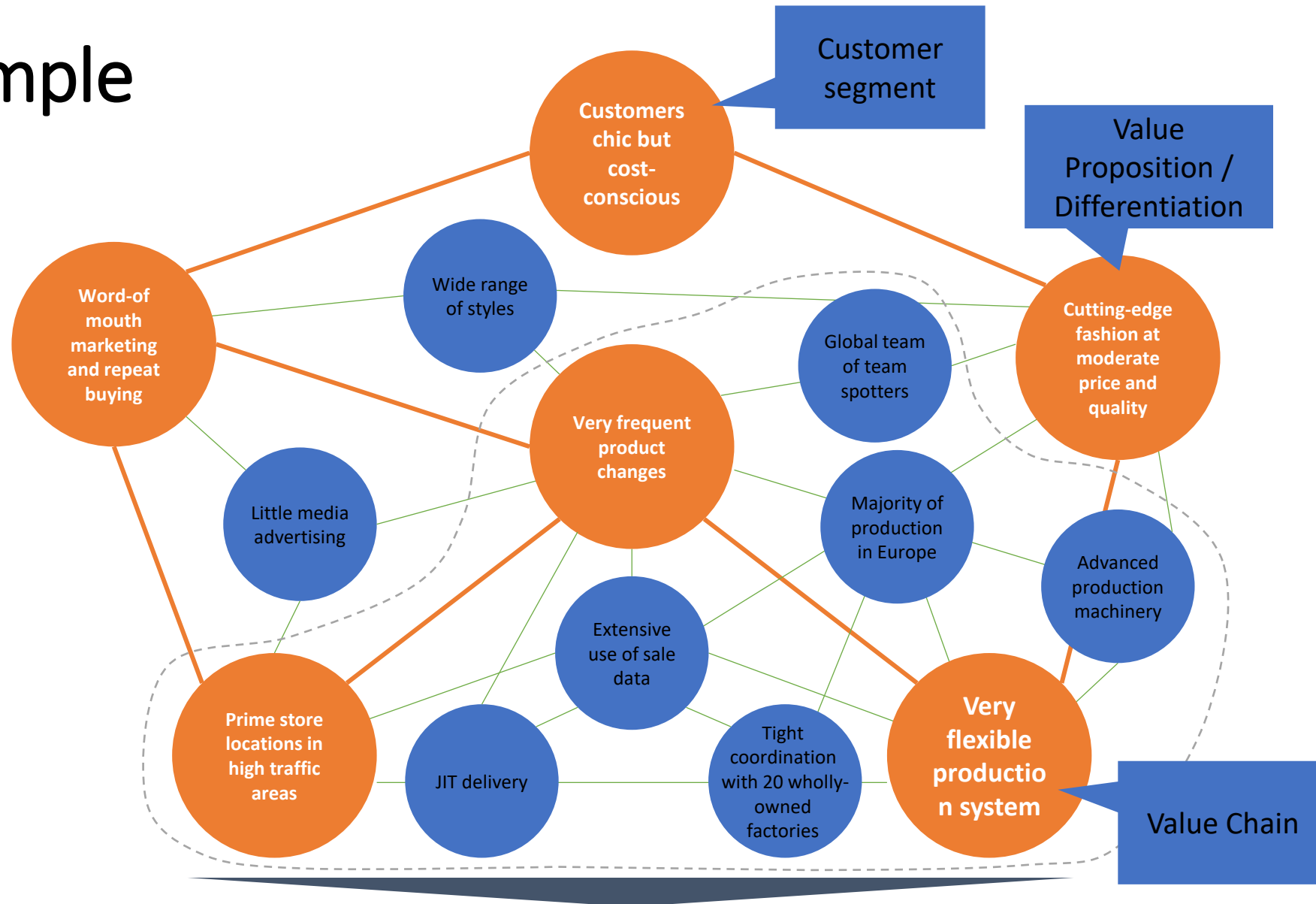


Understanding Dimensions of Organizational Effectiveness





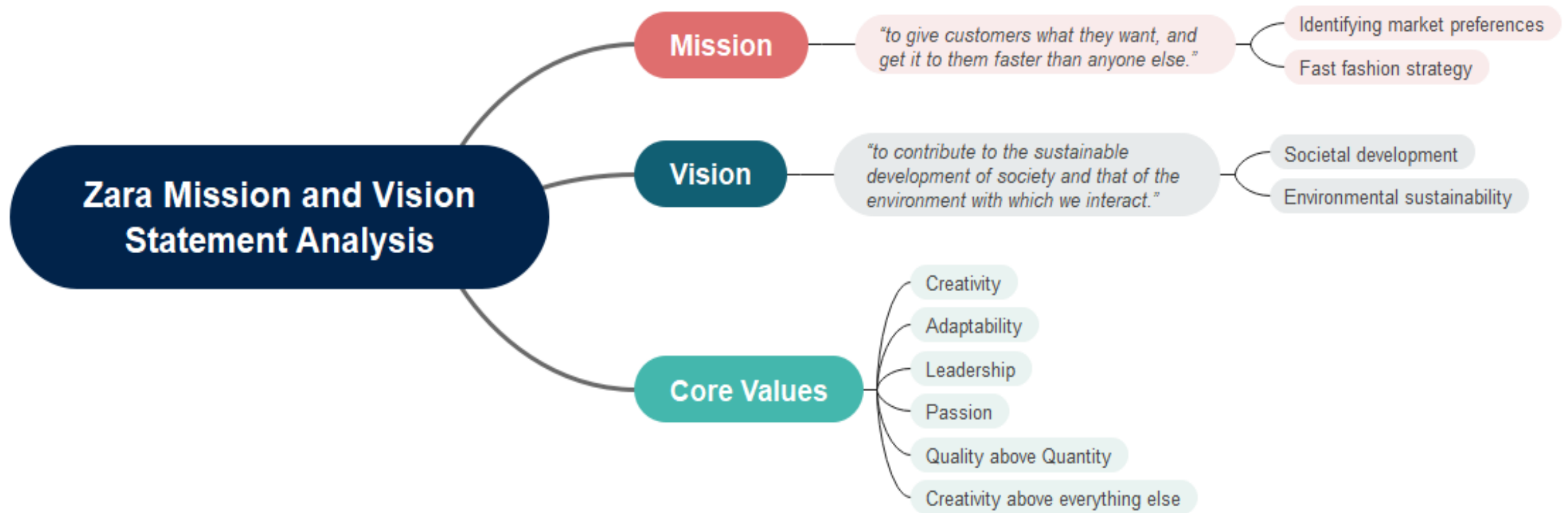
Zara Example



Fit is leveraging what is different to be more different

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Zara Example



1. Organization as a way to deliver the Strategy...

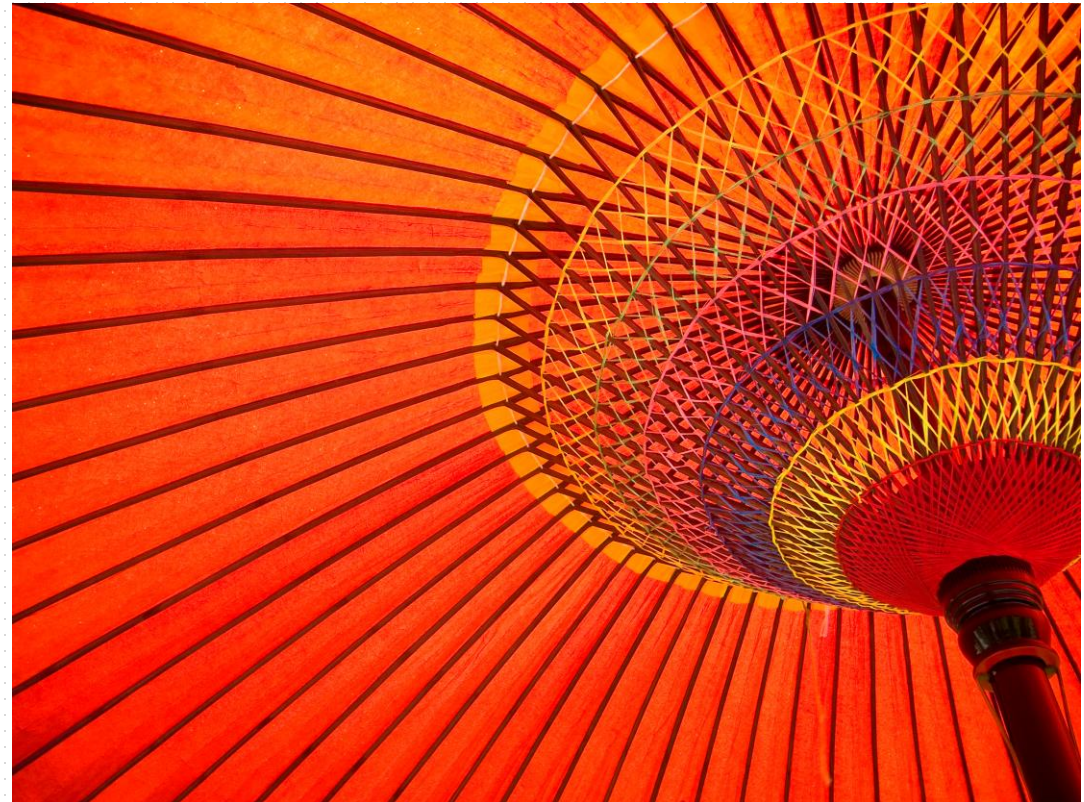


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2. Organizational Design

2.Organizational Design

Key questions to think about...



2. Organizational Design

1

What **Structure** will allow the best **delivery** and **control** of my **strategy**?

Focus of today

2

What **Processes** will make the execution smooth and effective?

Operations Management

3

What **Competencies** / talent do I need and how do I manage it? **Leadership**

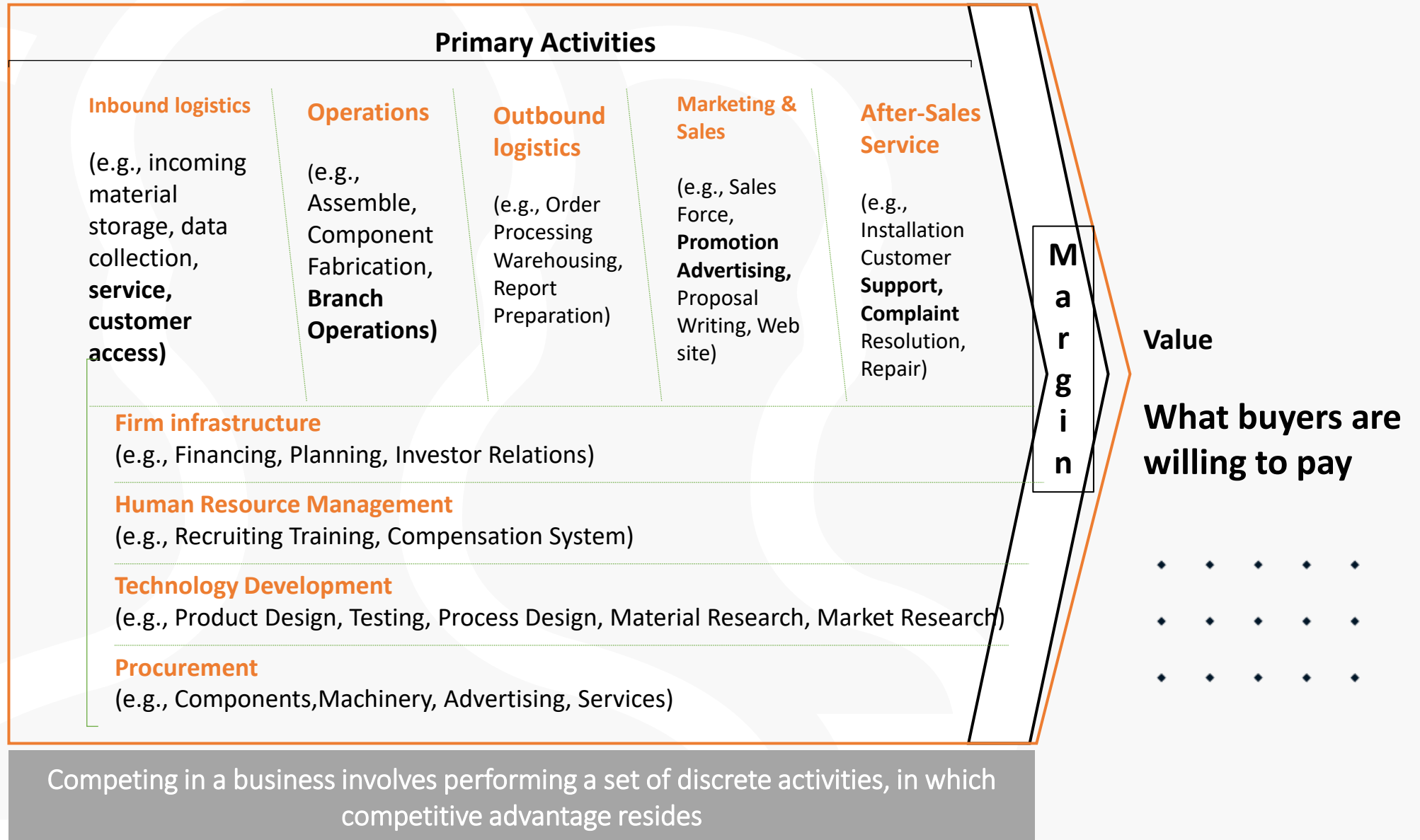
Focus of today

4

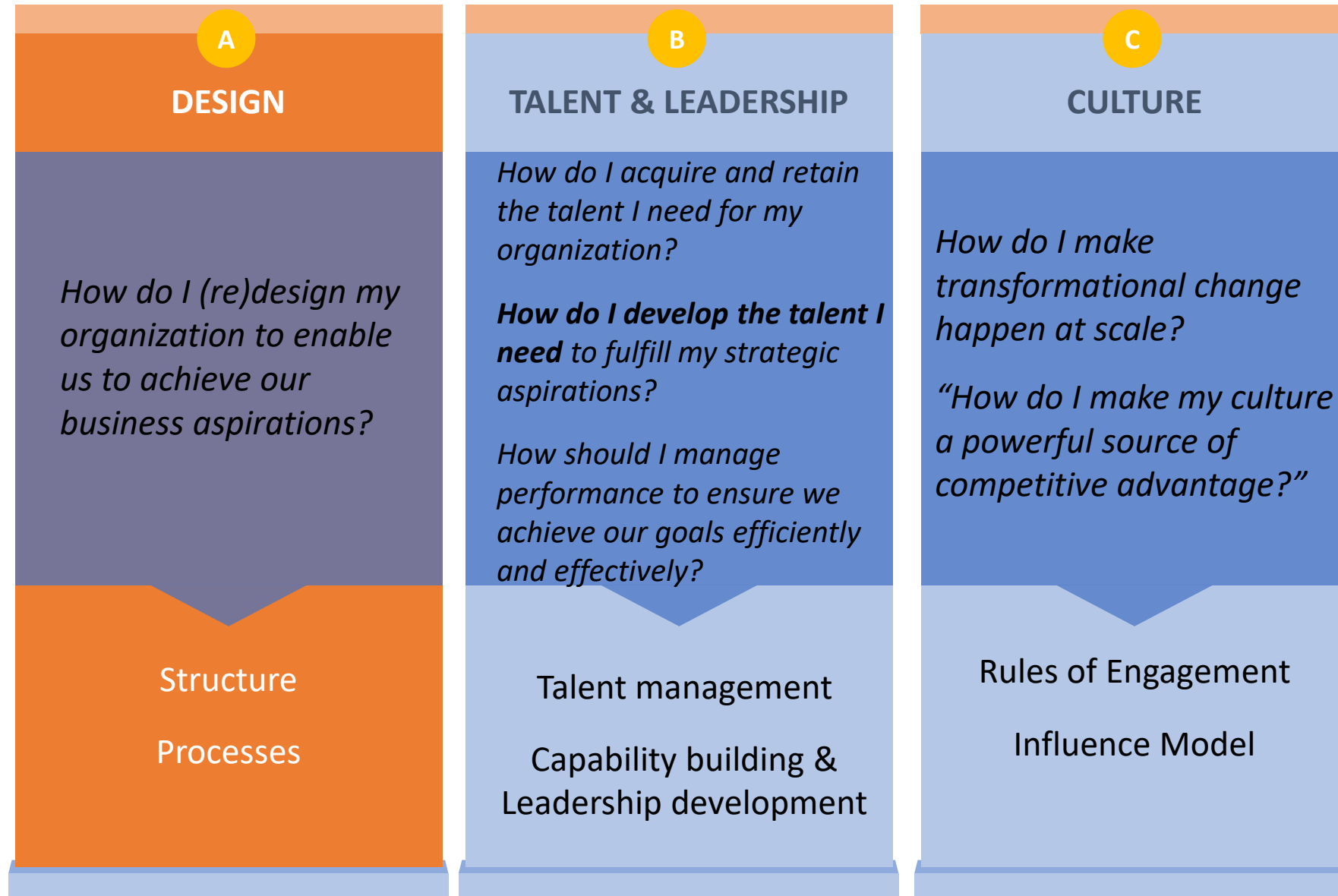
What type of **Culture** will act as a catalyst?

Focus of today

• • • • •



Organization Topics are Key in Shaping Companies' Strategy



2.2. How to (re)design an Organization ?



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2.2.Redesigning in Line with Strategy and Context – Organization Fit Principles

	Principle	Statement
Competitive Advantage	a)Fit with Business Unit Strategies	Design units that give the required focus and attention for each product/market segment, <u>the main intended sources of competitive advantage</u> for each product/market segment, and major planned strategic initiatives
Corporate Strategy - value	b)Fit with Corporate Strategy	Design units, reporting relationships and lateral relationships that allow and facilitate the <u>creation of parenting value from the main sources</u> of parenting advantage and planned corporate strategic initiatives
Human Resources Culture	c)Fit with People and Culture	Ensure that <u>key people are able and willing to function</u> in the organization and that the design fits the <u>history and culture of the company</u>
Legal and rules	d)Fit with Constraints	Ensure that the <u>design is feasible within the constraints</u> of available resources* (other than people), the environment (including <u>legal and fiscal rules and requirements</u>), and other potential constraints

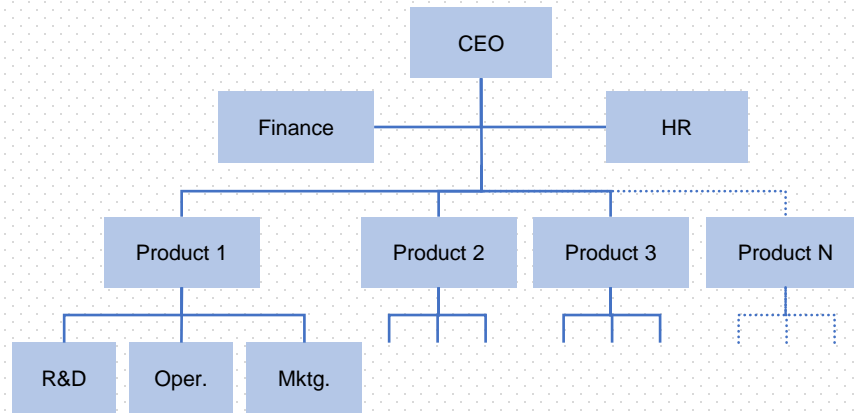
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2.3.Organizational Structure

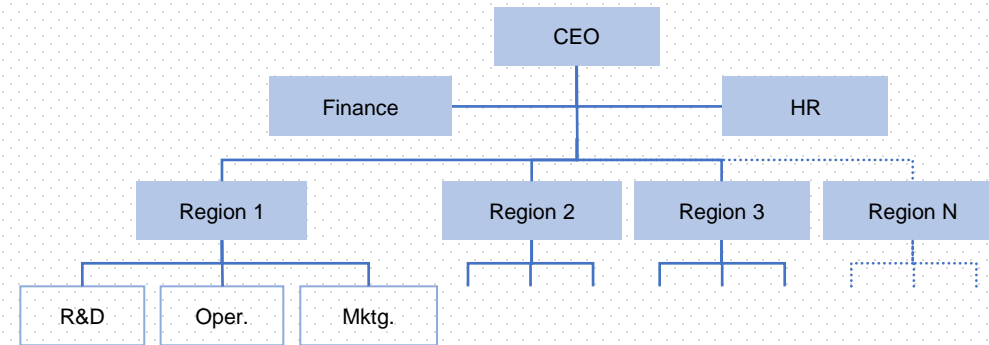


Organizing the Corporation: Multiple Models

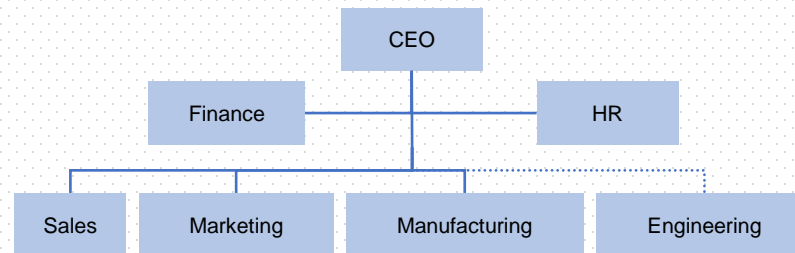
Product-based



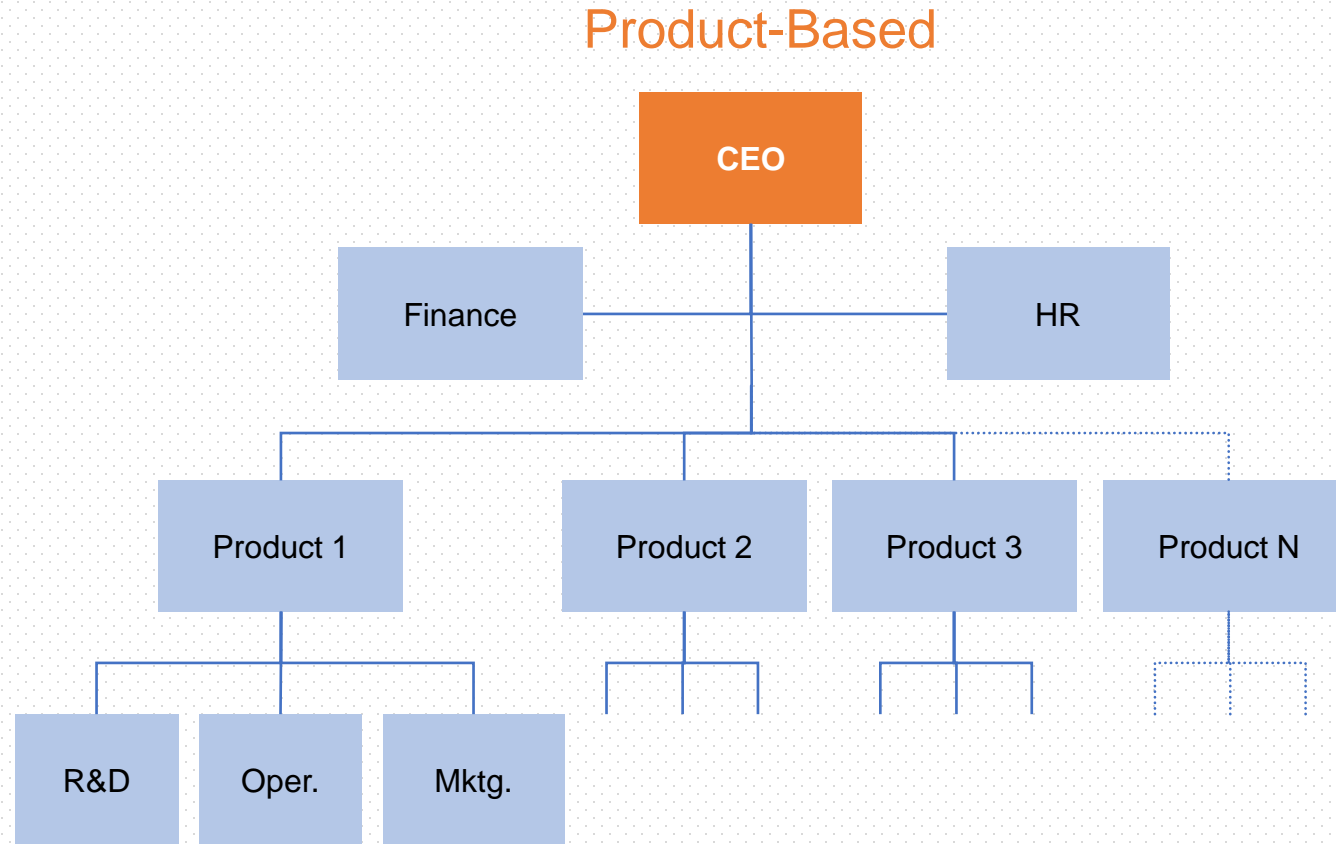
Geographic



Functional



Organizing the corporation: multiple models



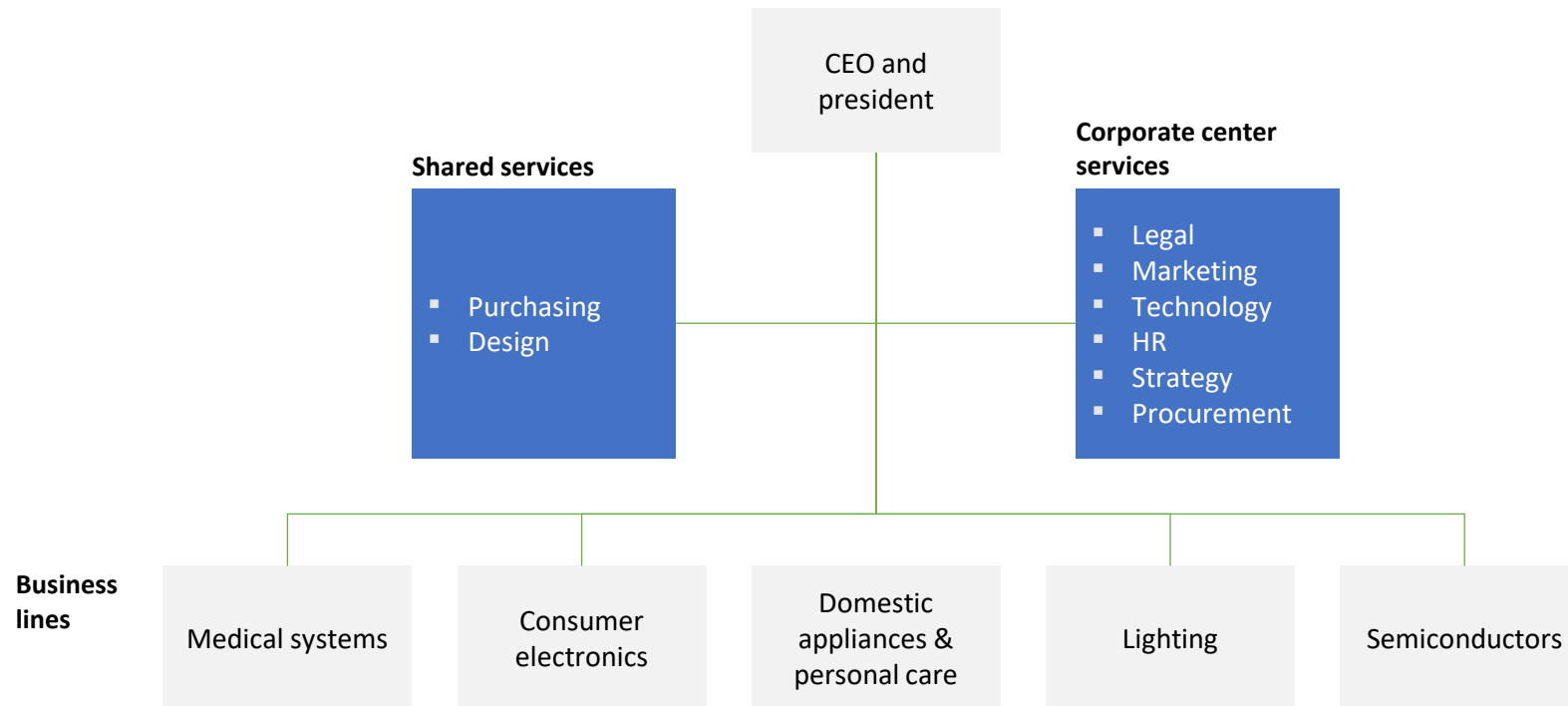
When does a product-based organizational strategy makes sense?

Product-based Organization

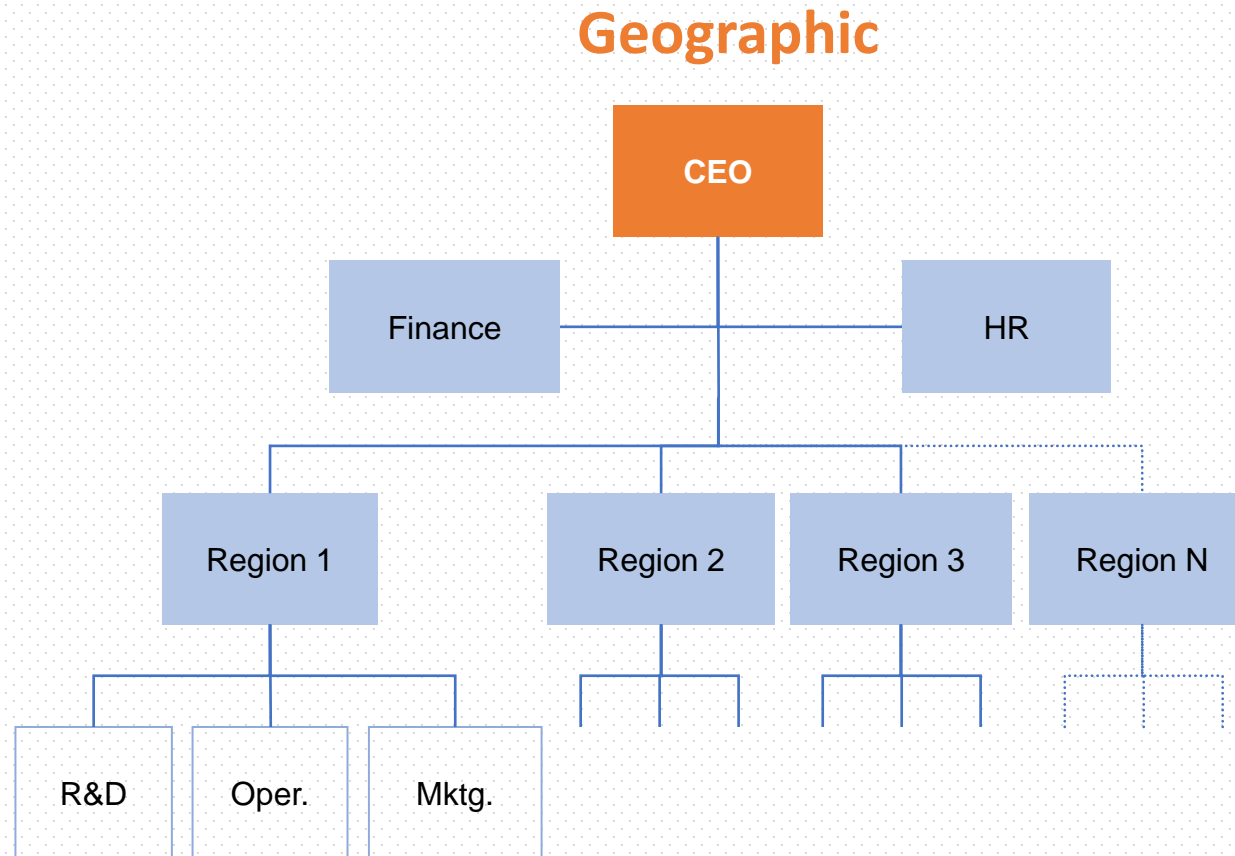
Key Characteristics

- Strategy is developed by **product group**; products are **managed as a portfolio** of investments
- Rapid **new product offerings** when they extend existing **product lines**
- **Easy assessment** of whether a product has achieved potential sales
- Difficult to customers who purchase **different products from the company**
- **Collaboration among product divisions** to develop new products across categories

PHILIPS: Organization Structure



Organizing the corporation: multiple models



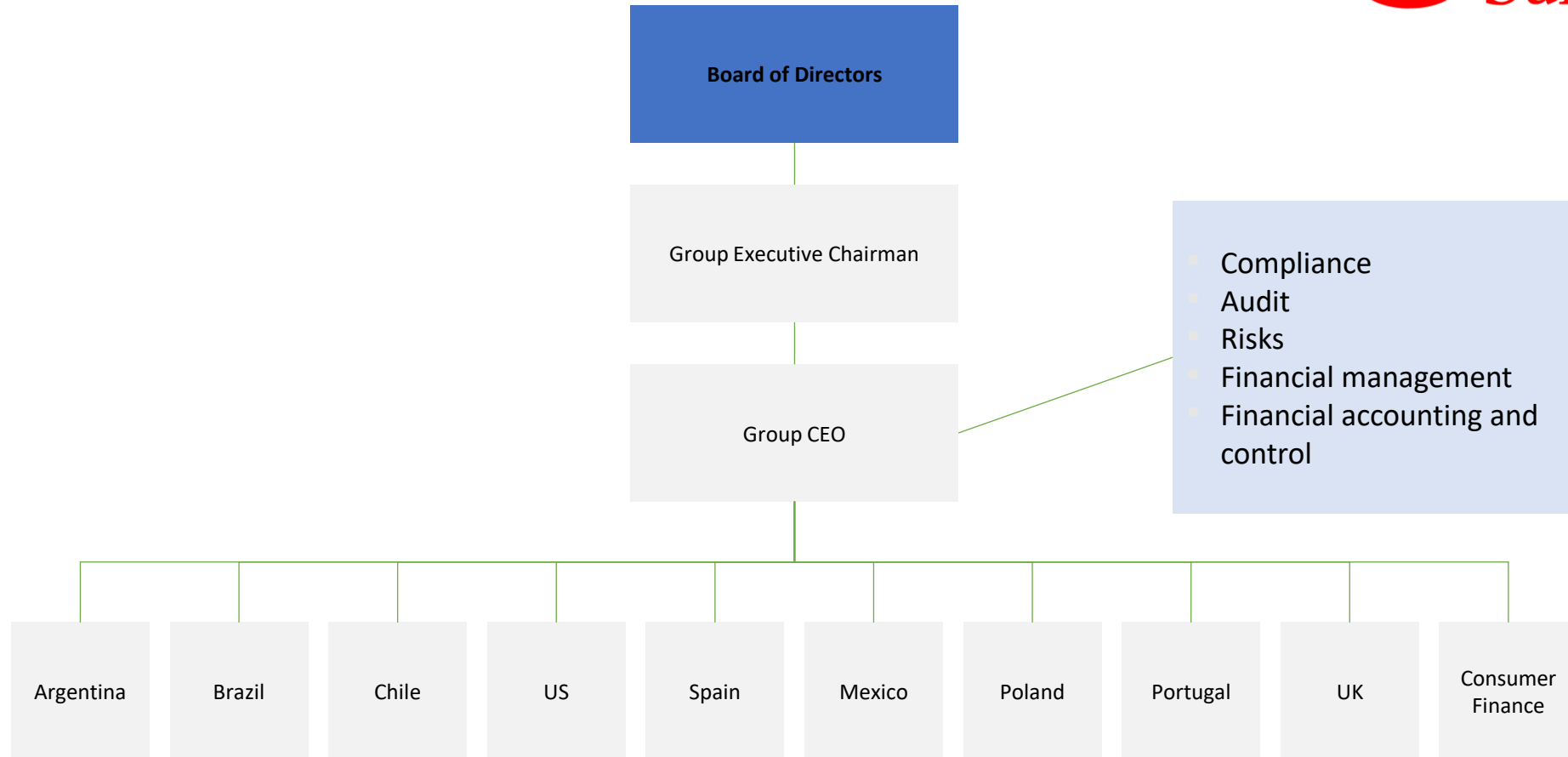
When does a geographic-driven organizational strategy makes sense?

Geographic

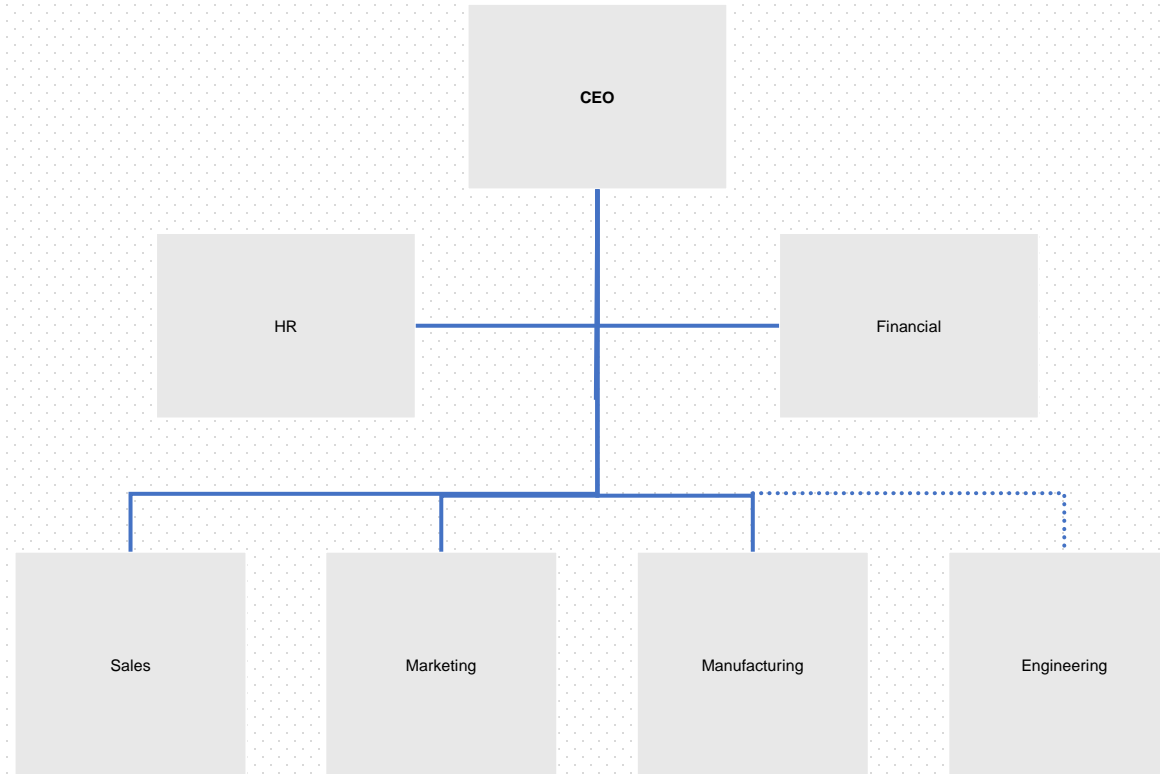
Key characteristics

- Heads of **geographic divisions** at corporate center, **geographic regions** managed by on-site regional managers or country managers
- Allows for development of **general management skills and networks**: often on a global scale – through rotation of managers across geographic/dispersed business divisions
- Strengthens firm's ability to **respond to local/governmental regulatory** laws and practices
- Duplication and redundancies of staffs, systems, and infrastructure can result in high costs and inefficiencies
- Coordination of product variations, new products, and production techniques **among regions**

Santander: Organization Structure



Functional Organization

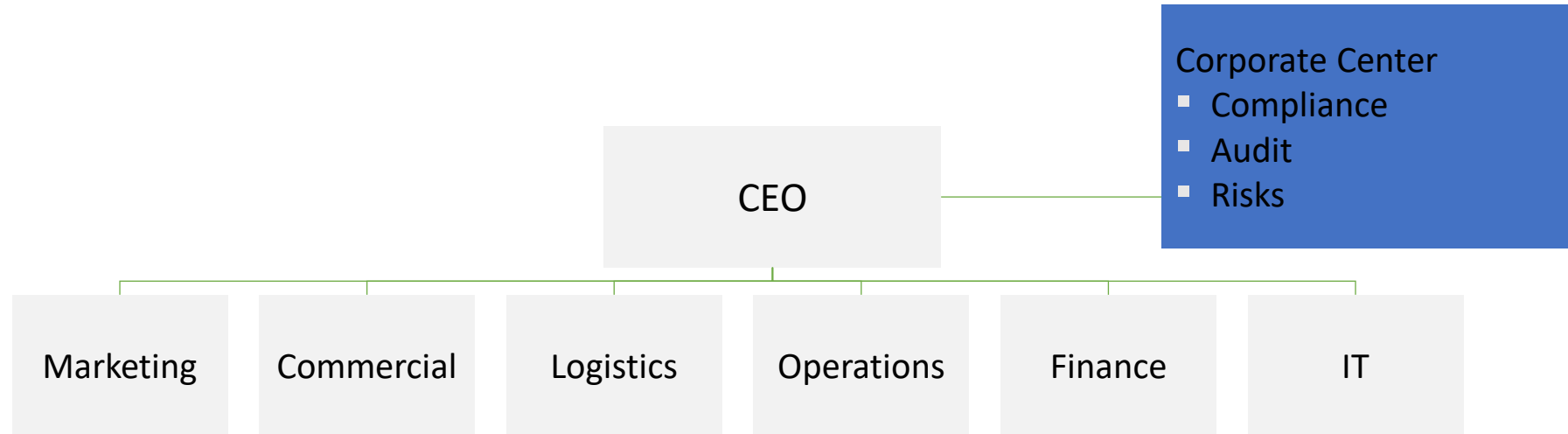


Functional Organization

Key characteristics

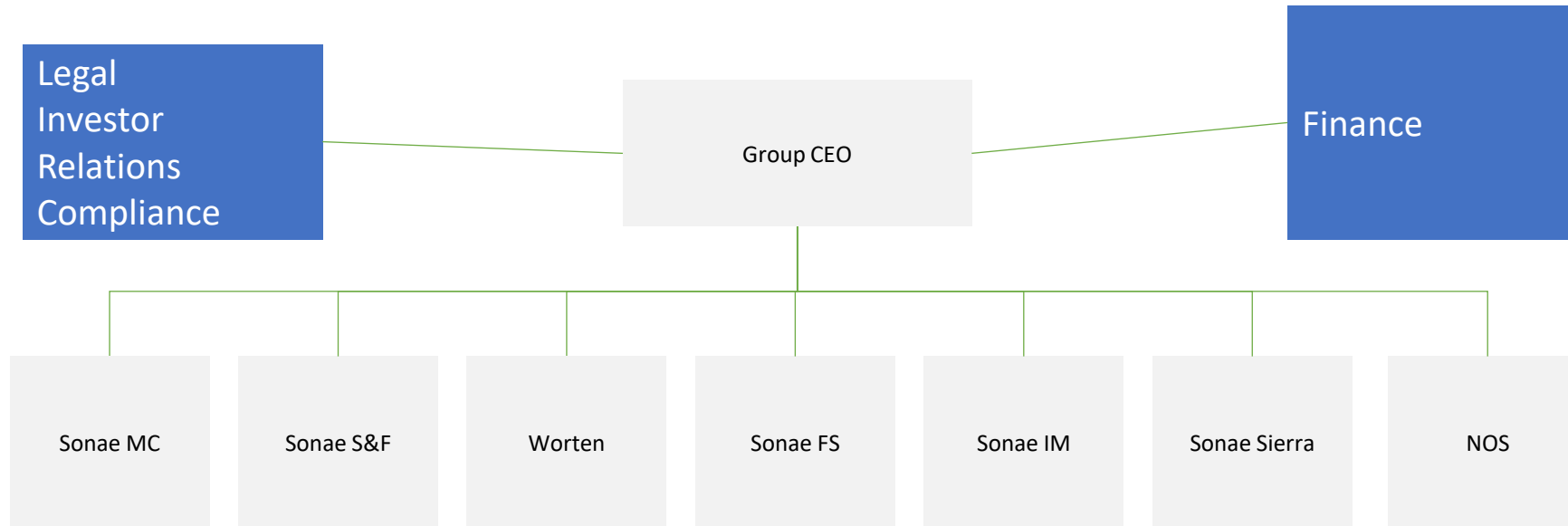
- Frequently used at some level in most organizations; still commonly found in the corporate center (e.g. HR, risk management)
- Builds and **maintains deep technical expertise** by allowing for greater specialization
- **Structure simple to understand**; builds on professional/academic divisions of labor
- Organization may become **less able to respond quickly and flexibly to changes** in the marketplace
- Internal focus on distinct and fragmented functional goals brings about fragmentation of overall performance objectives;
- Hard to groom top managers with multi-skilled competencies

SONAE MC: Organization Structure





SONAE: Organization Structure



2.3.Common Challenges Occur across Many Transitions

- a)The organization often has a difficult time accepting and embracing the new model
- b)The transition proves much harder than expected, with multiple blocks and iterations
- c)One year after the new structure has been formalized, many people are still working according to the old model and confusion is slowing the company down

The expected benefits are difficult to realize,
the strategy still looks right, but the
organization is not adapting nor acting on it



2.4.Highlights On Organizational Design Challenges....

- a)Organizational structure needs to fit with market context and strategy
- b)On-going (re)design is the new normal
- c)Organizational change is hard
- d) Critical to communicate reason for change



Business Seminar Question???

Imagine you are the CEO of a
company...

"What are the main challenges organizations face during a merger or acquisition?"



2.LEADERSHIP AND TALENT

2.1.Leadership Development

2.2.Talent Management

2.3.Capability Building



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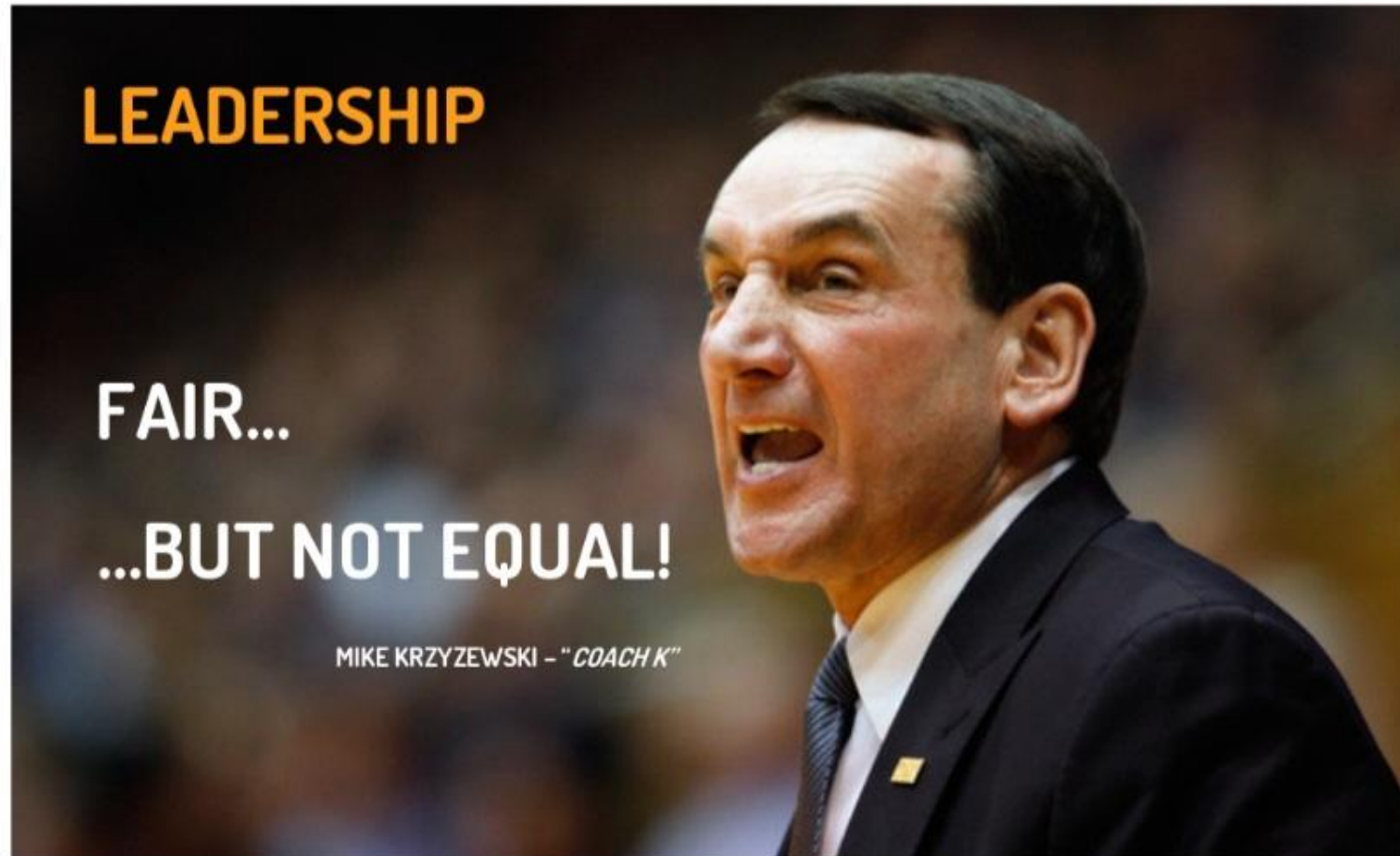
Organization Topics are key in Shaping Companies' Strategy

2.1.LEADERSHIP



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Organization Topics are key in Shaping Companies' Strategy



Business Seminar Leadership

LEADERSHIP



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Organization Topics are key in Shaping Companies' Strategy

A photograph of Mike Krzyzewski, a basketball coach, in a dark suit and purple tie, pointing his right index finger forward with a determined and intense expression. The background is a blurred crowd of spectators in a basketball arena.

**“WHO LEADS MUST HAVE THE ATTITUDE THAT EACH
PLAYER AND TEAM NEEDS AT EACH MOMENT.”**

MIKE KRZYZEWSKI - “COACH K”
Basketball coach

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Organization Topics are key in Shaping Companies' Strategy

LEADERSHIP STYLES

VISIONARY



AFFILIATIVE



DEMOCRATIC



COACHING



PACESETTING



COMMANDING



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Leadership – What kind of leader are you?

LEADERSHIP STYLES

VISIONARY: VISION FOR THE FUTURE, POINTS THE WAY

COACHING: CONCERNED ON IMPROVING SKILLS

AFFILIATIVE: PROMOTES SOCIAL RELATIONSHIPS

DEMOCRATIC: SEARCHES FOR CONSENSUS, DELEGATES

COMMANDING: ACHIEVES RESULTS, BUT DOESN'T CARE ABOUT PEOPLE

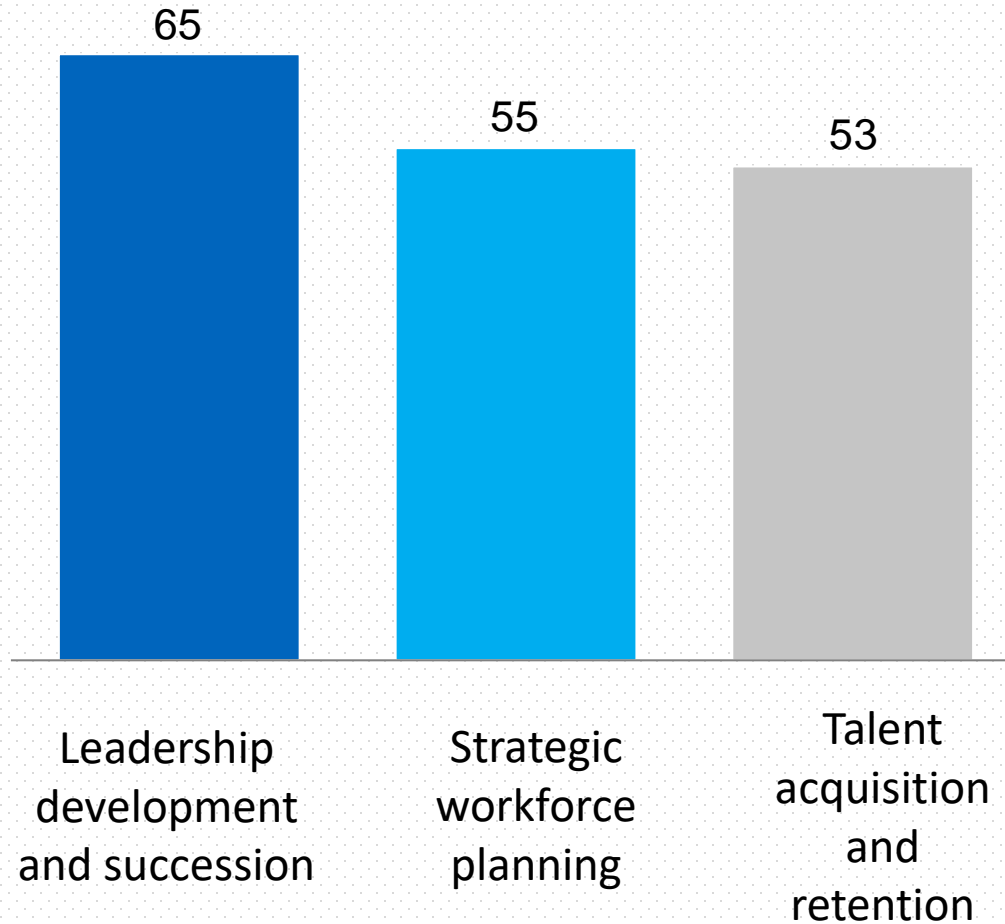
PACESETTING: CONCENTRATES, MAKES DECISIONS ALONE, DOESN'T DELEGATE

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3. Leadership Development is a Top Priority for CEOs

What are your top human capital priorities over the next 2-3 years?

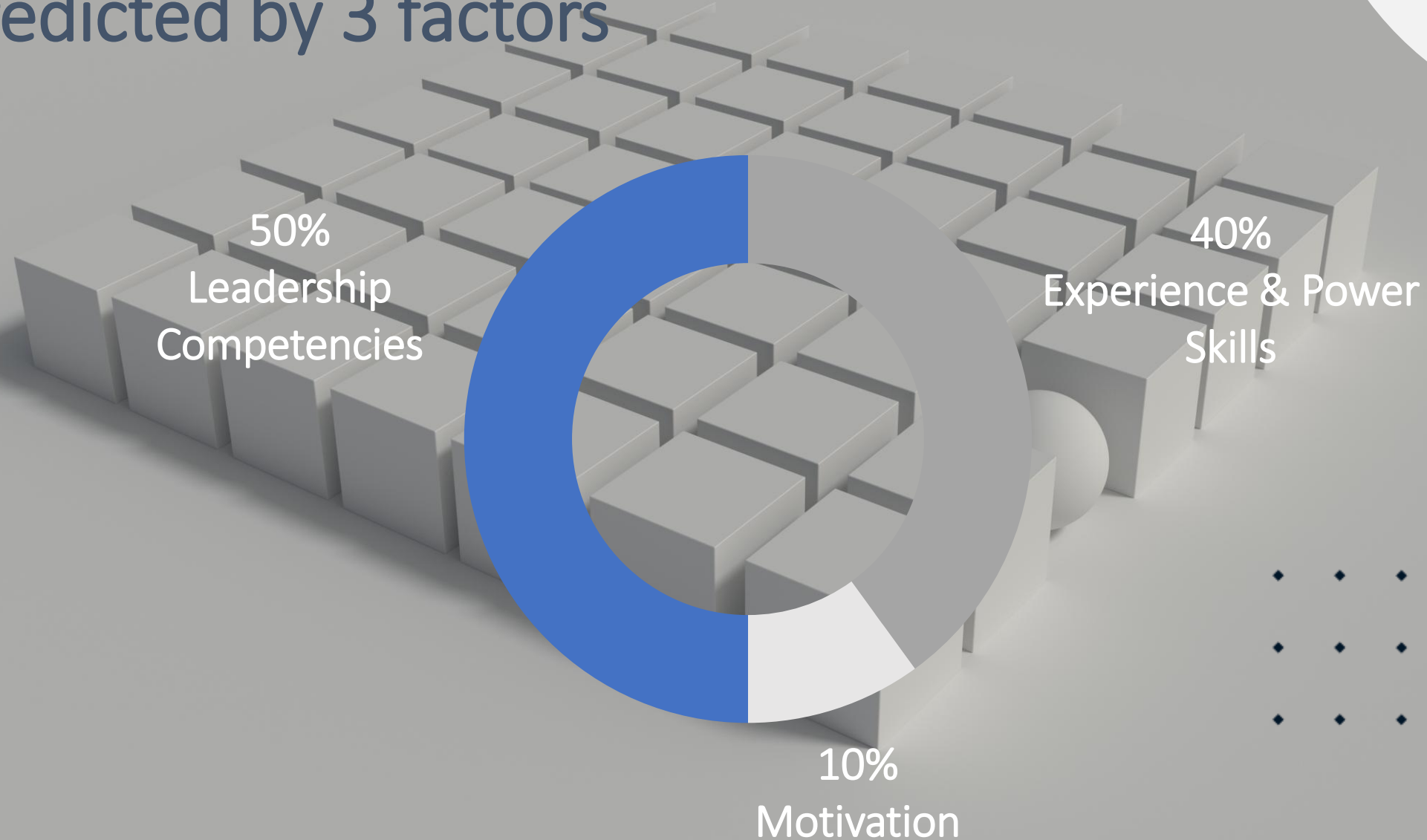


of CEOs plan to increase their focus on developing leaders over the next 3 years

"I want to raise a generation of growth leaders—people with market depth, customer touch, and technical understanding."

— Jeffrey Immelt,
former CEO, GE

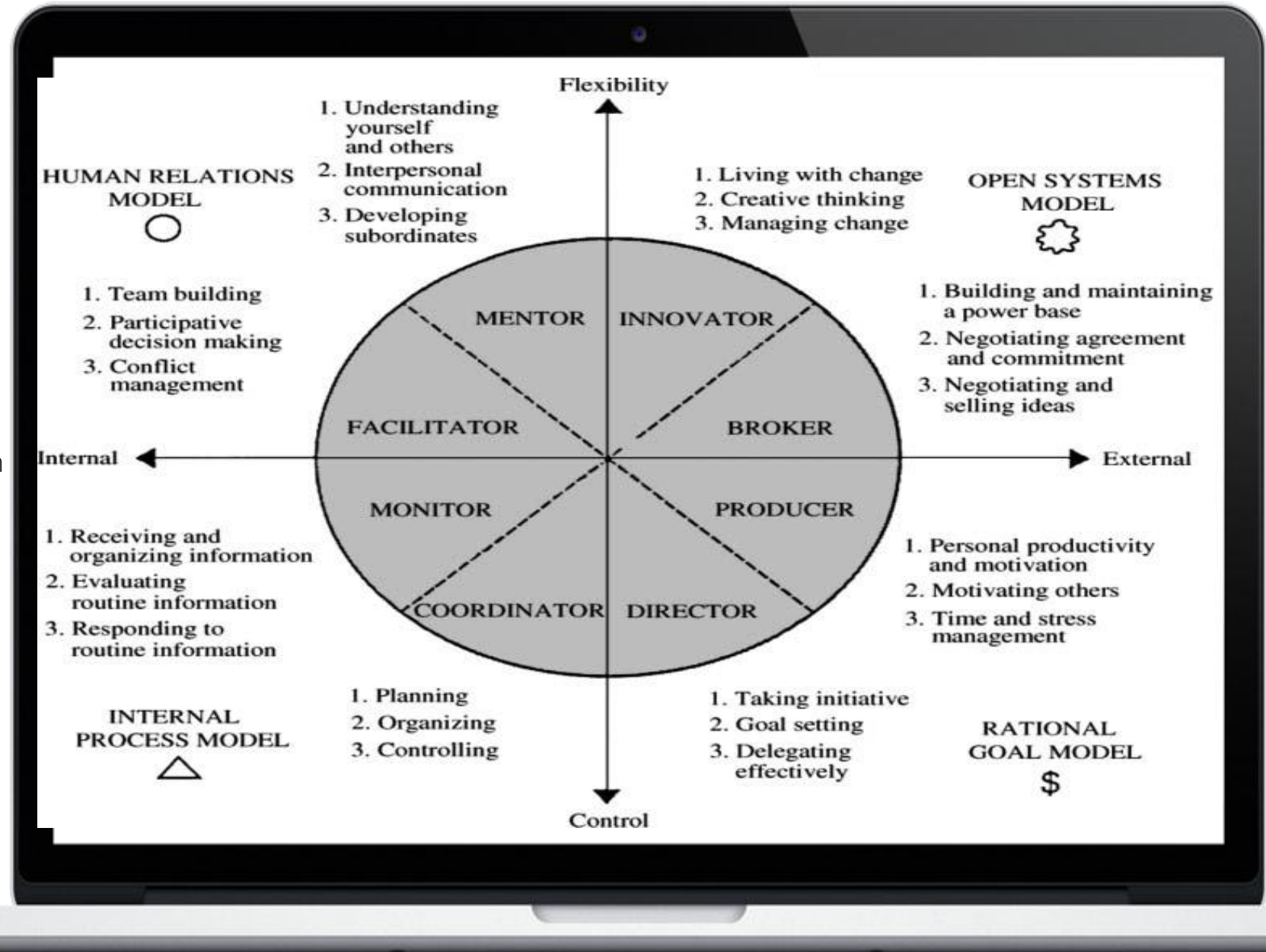
3. Research indicates that success in a role is predicted by 3 factors



3. Leadership

Yukl, (1998) leadership is a process through which a member of a group or organization influences the interpretation of events by the remaining members, the choice of objectives and strategies, the organization of work activities, the motivation of people to achieve the goals , the maintenance of cooperative relations, the development of competence and confidence of members, and the obtaining of support and cooperation from persons outside the group or organization

Quinn's model of contrasting values is based on the leader may adopt different roles for each of the different models.



Leadership Competencies are becoming increasingly important in today's world

LeaderFit™ Model - defines “World-Class” Leadership Behaviours

Leading the Organisation

Strategic Clarity

The capacity to envision the future, develop a clear vision, proof strategy and enable innovation which drives sustainable organisational performance

Organisational Alignment

The capacity to define, develop and align market, customer demand, culture, structure, processes, systems and resources through business plans and governance.

Results & Change Execution

The capacity to drive the execution of plans or change initiatives to deliver successful outcomes at pace.

Leading Others

Talent Developer

The capacity to inspire and develop talent to maximise their short-term contribution and secure a sustainable pipeline of leaders.

Team Builder

The capacity to attract talent and enhance collective performance through developing high performing teams.

Stakeholder Influencer

The capacity to identify and develop influential relationships and an ambassadorial impact which creates value for the organisation.

Leadership Agility

Thinking Dexterity

The capacity to absorb and process data, draw conclusions and develop sustainable solutions despite multiple dimensions of complexity.

Interpersonal Savvy

The capacity to influence and collaborate with others despite diverse perspectives and personalities.

Personal Spirit

The capacity to reach for higher goals and be successful despite challenging circumstances.

Growth Proficiency

The capacity for learning and personal growth.

Leading Myself.....

PERFORMANCE

POTENTIAL

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3.Organization Topics are key in Shaping Companies' Strategy

Organization

B

TALENT & LEADERSHIP

How do I acquire and retain the talent I need for my organization?

How do I develop the talent I need to fulfill my strategic aspirations?

How should I manage performance to ensure we achieve our goals efficiently and effectively?

Talent Management

Capability building & Leadership
development

TALENT

Organization

Organization

4. How do I Define, Attract, Develop and Retain the Talent I need?

What is Talent Management?



4.1. What is Talent Management...

Systemic process to

- Place
- Develop
- Motivate people...

...taking into account the

- Short-term (tactical)
- Medium-long term (strategic horizon)

to address today and tomorrow business challenges

a

Understand **required organizational competencies** and talent bench to win

b

Assess existent talent pool against requirements, **identify high-potentials as well as low-performers**

c

Develop people based on **adult learning best practices to drive performance** and their fulfill potential (or hire talent if needed)

a) Create an organizational Context and Culture that drives Talent and Leadership Development

Business Seminar Question:

How to Retain Talent in Companies?

IDEAS????

4.2 The Real Secret to Retaining Talent

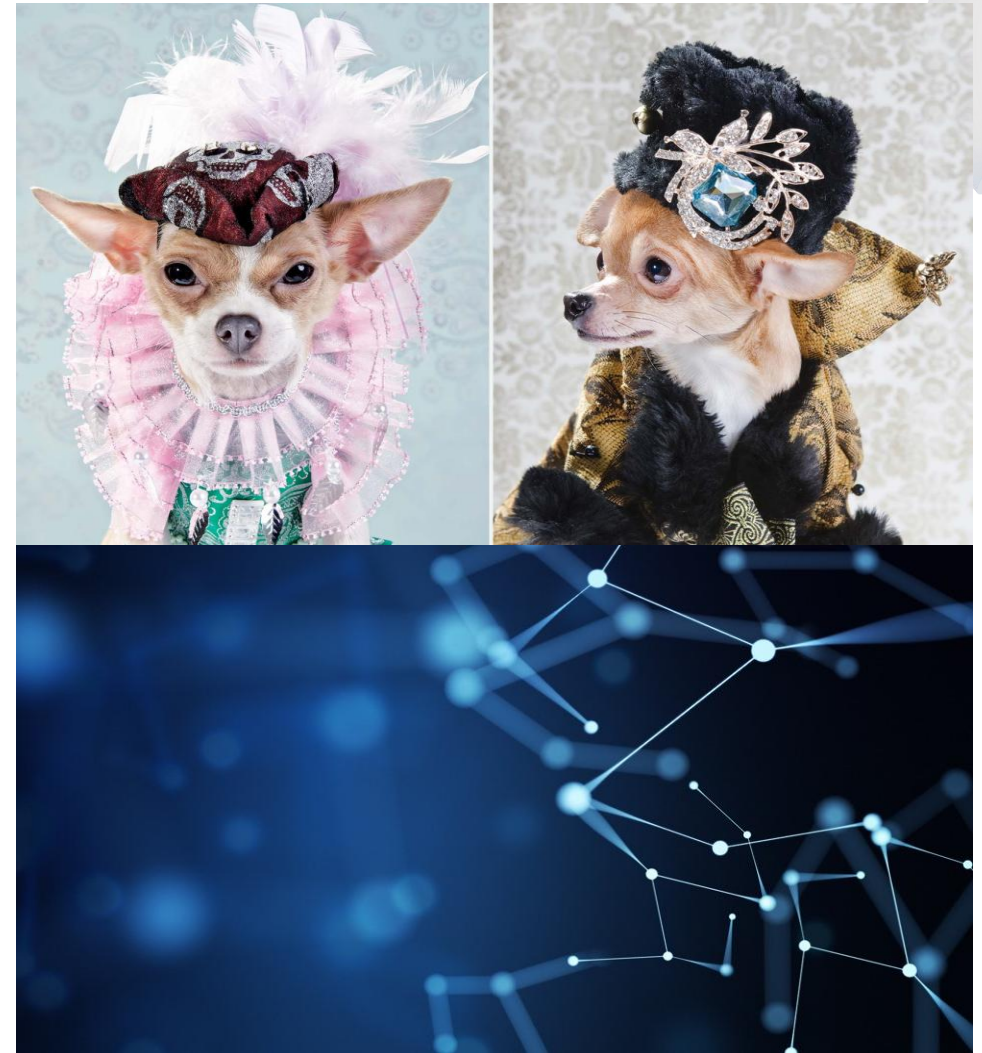
The Subtle Art of Making People Feel Special

i) Skills Development

Need for qualification and highly **specialized training**
leadership must understand this need and begin
organizing training and **mentoring programs**.

ii) Investing in Employee Careers

Developing **techniques** that can not only help employee
portfolios shine, but also help **increase productivity**,
self-esteem, and therefore overall organizational
growth



4.2. The Real Secret to Retaining Talent

The Subtle Art of Making People Feel Special

iii) Rewards and Recognition

Appreciation is always welcome. Have a proper **recognition system for monthly/quarterly/annual** performances as a gesture to thank employees for how their hard work will encourage them to evolve

Sometimes **employees are between learning and apathy**. They are neither dissatisfied nor satisfied. Honestly implementing these strategies will make your employees **feel valued** and therefore more involved with the organization.



Harvard Business Review, Martin (R.) April 2022

4.2. The Real Secret to Retaining Talent

The Subtle Art of Making People Feel Special

iv) **Flexibility in Working Hours**

Working from home or working independently made it easier to maintain work-life balance. working flexible hours can lead to greater satisfaction without affecting production.

v) **Adequate Autonomy**

Too much or too little “supervision” can have negative consequences. But in each team there are a bunch of tasks that can be performed by the team independently. **Giving them the autonomy** to accomplish them can fill team members with a sense of ownership and pride.



Harvard Business Review, Martin (R.) April 2022

The Real Secret to Retaining Talent

Compensation and Benefits Employee Retention

Figure 17. Total rewards strategies for talent retention



¹⁷ Mercer, "Are Companies Adjusting Salary Increase Budgets Due to Rising Inflation?", Available at tandm.mercer.com/.

4.3. Attracting Talent

Employee Value Proposition

Company image

- What is the company's **mission**?
- What is the company's **history** and track record?
- What is the company known for? **Innovation**? Low price? Engineering excellence?

Role

- What will be my role and **responsibilities**?
- Will I be part of an exciting and **challenging project**?
- How will I add **value** to company?
- Where will it **be located**?

Team and organiza- tion

- Who will be my **manager**?
- What is the **reputation of the senior leadership**?
- What are the company's **people policies and way of work**?
- Do people **recognize good performance**?

Develop- ment opportu- nities

- What are the **learning and growth opportunities** beyond the current role?
- Is the company known to invest in **people development**?

Compen- sation package

- Does the company **pay above**, below or line with the market?
- Does the company **has a meritocratic payment system**?

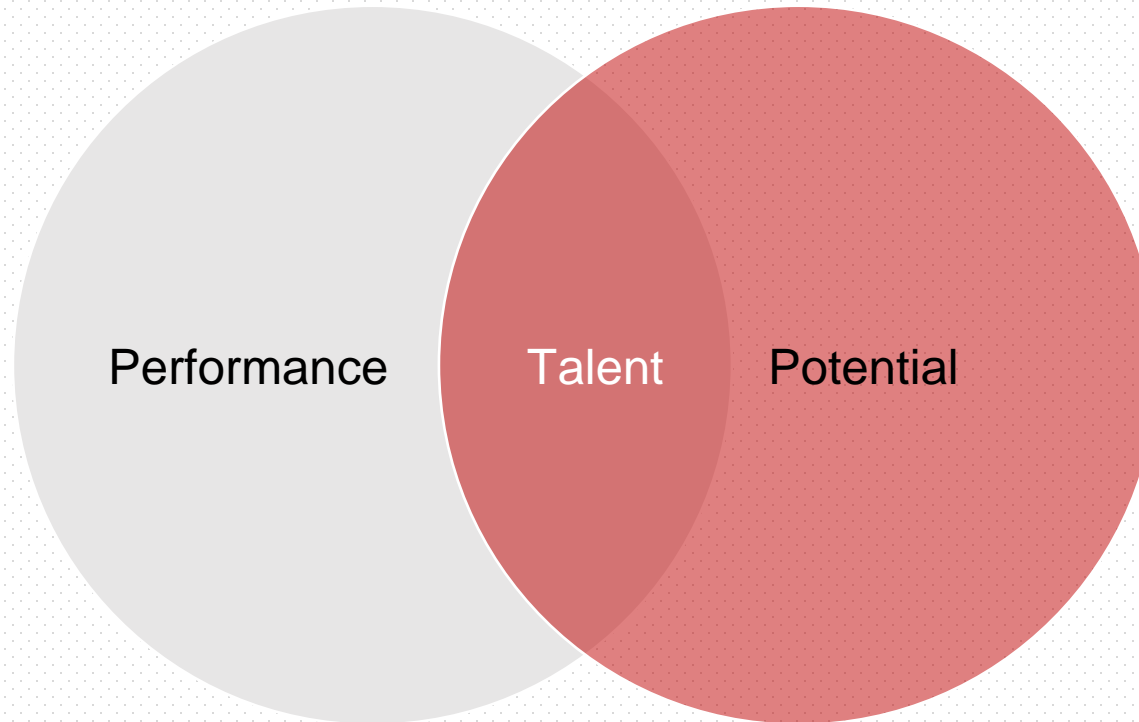
The
company
becomes
the
product to
market

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4.4. Developing People, but Developing.... What for?

- **Performance:** Past results and skills demonstrated in one's current role –

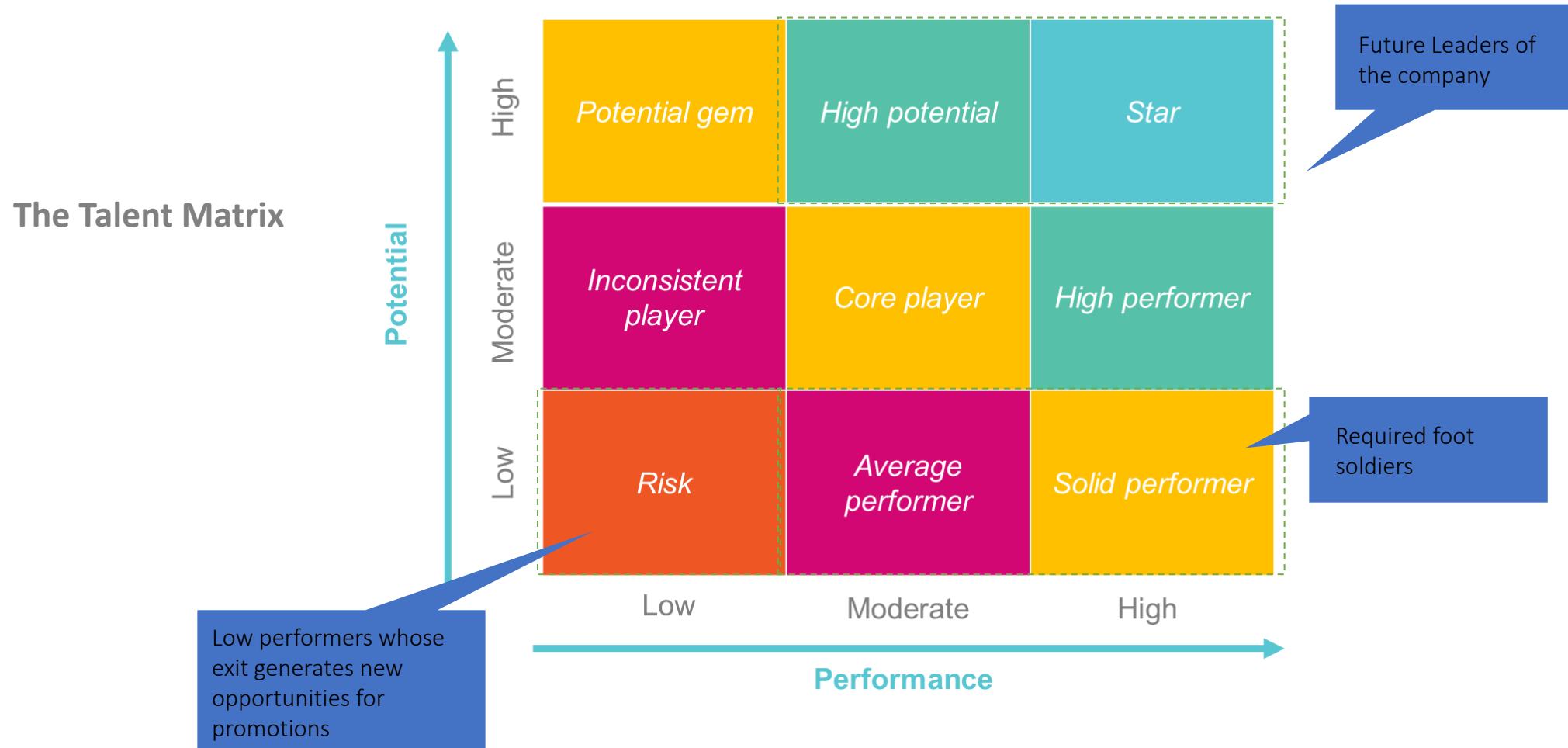
"Is he/she doing his job well?"



- **Potential:** Capability to tackle **challenges and responsibilities** that are more complex and demanding

- **Talent:** The intersection between performance and talent

4.5. Managing the Talent Rool requires a Clear View



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5. Organizational Culture

CULTURE

5. What is Organizational Culture?

How do I make transformational change happen at scale?

“How do I make my culture a powerful source of competitive advantage?”

Rules of Engagement

Influence Model

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5. What is Culture

Definitions of Organizational Culture

*“Culture is what defines and explains **how a company functions**”*

*“Organizational culture is defined as the underlying **beliefs, assumptions, values** and **ways of interacting** of a company.”*

“The values and behaviour's that contribute to unique social and psychological environment of an organization”



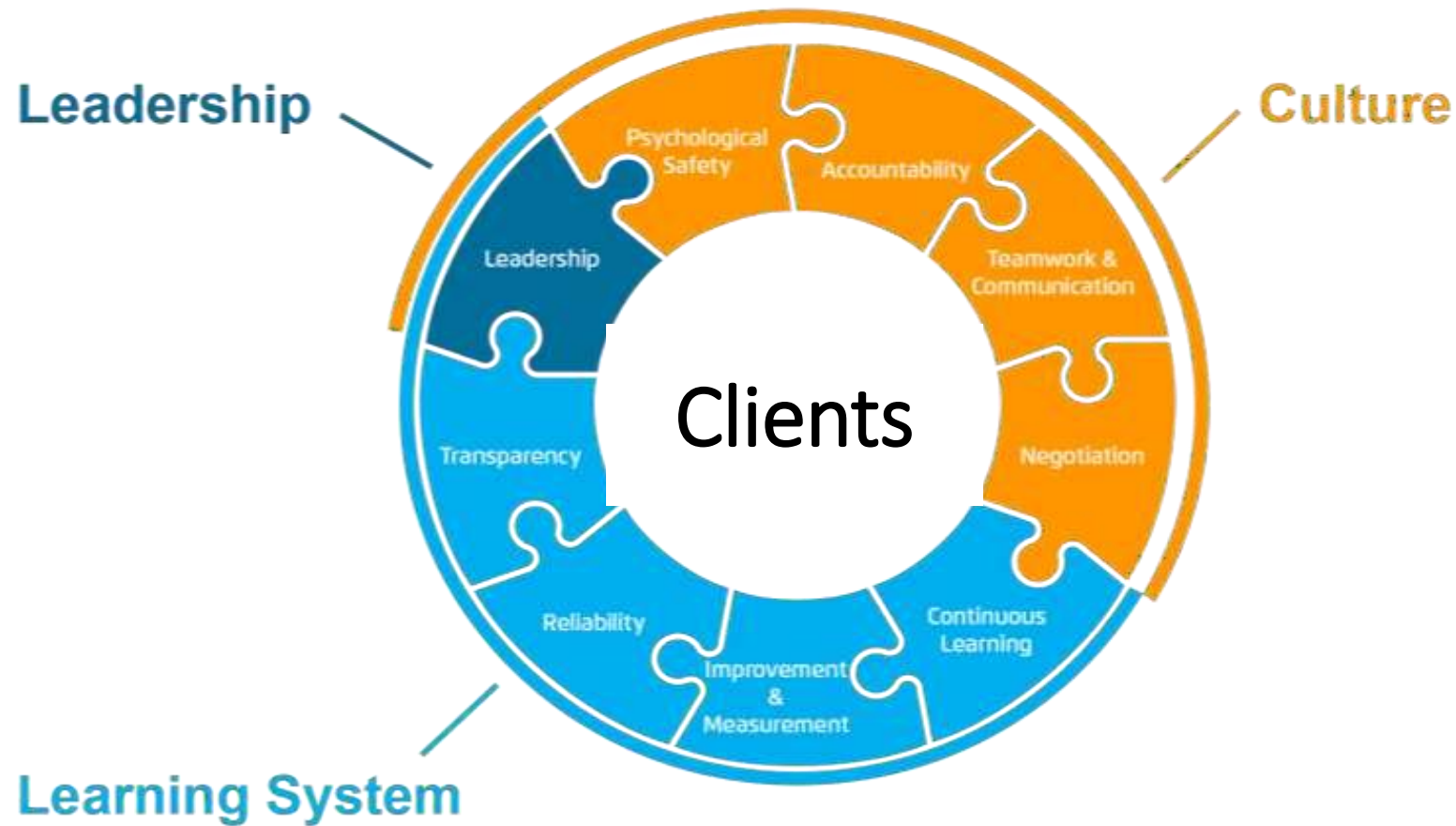
Building Blocks of an Organizational Culture



*The way we do things around here.
Marvin Bower – McKinsey (2021)*

Framework for High-Reliability Organizations in Healthcare

Framework for Safe & Reliable Care



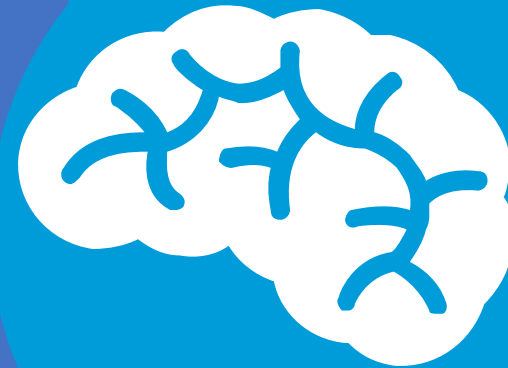
Based on: <https://www.safeandreliablecare.com/blog/2016/11/29/s-r-sociotechnical-framework-ih-minicourse>

Figure 1: Model for the Framework for Safe & Reliable Care



**“How do I change my
organizational culture to a
powerful source of
competitive advantage?”**

Ideas???



Three dimensions to impact a culture

Building blocks of a company's Way of Working

1 | **Processes**
What are the most critical routines to drive the culture?

2 | **Rules of engagement**
What are the guiding principles for people's behavior ?

3 | **Responsibilities**
Who is in charge of driving, participating and monitoring processes and rules of engagement?

The Way We Work =
Consistent Team Governance

- A company's Way of Working needs to be tailored to its unique circumstances
- The Leadership can actively shape the Way by Working defining processes, rules of engagement and responsibilities
- The configuration should be informed by relevant research undertaken

An Example of a Company Culture...

a) Entrepreneurship

- We are courageous and take initiative
- We believe we can make a difference
- We are actors of transformation

c) Fellowship

- We value collaboration and fun
- We understand that we are mutually dependent, but believe in autonomy and responsibility
- We develop transparent, listening and trustworthy relationships



b) Exploration

- We look at the world for inspiration
- We learn from difficulties
- We believe that you need to fail to innovate

d) Impact

- We strive to create economic and social value
- We are guided by our moral compass and purpose
- We deliver ambitious results

Translating a “Culture Statement” into concrete behavior’s Examples

	Processes / Systems	Rules of Engagement
a)Entrepreneurship	<ul style="list-style-type: none"> ▪ “Courage of the Month” election Prize: trip to a conference or educational program 	<ul style="list-style-type: none"> ▪ Celebrate success and mistakes ▪ Use the past to learn, not to find excuses ▪ Freedom to dedicate work time to pursue entrepreneurial initiatives
b)Exploration	<ul style="list-style-type: none"> ▪ Lunch meetings with external speakers ▪ Innovation Management Platform ▪ Internal mobility program 	<ul style="list-style-type: none"> ▪ Customer facing field experience required for all roles ▪ Look outside the company for inspiration ▪ Mission letter rather than JDs
c)Fellowship	<ul style="list-style-type: none"> ▪ Town-hall meetings ▪ Monthly TGIF with spouses ▪ Department stand up meetings ▪ Wall of Fame ▪ Shadowing program 	<ul style="list-style-type: none"> ▪ Lead by example ▪ Make time for people ▪ Open communication - share the news ▪ Make meetings fun ▪ Prepare, contribute and participate
d)Impact	<ul style="list-style-type: none"> ▪ Performance management system that links KPIs to the BU strategy ▪ “Performance of the Month” election* ▪ Once a year social impact work 	<ul style="list-style-type: none"> ▪ Focus on deliverables, not office presence/ working schedule ▪ BU-wide needs take priority over individual needs ▪ Set deadlines and adhere ▪ Manage expectations – no surprises



Cultural Change Activity



Q. Imagine that you are the CEO of a start up. What are the key priorities for building an organizational culture?

Sum-up: Highlights On Cultural Change



1. Culture as source of competitive advantage



2. Culture = collective behavior's



3. "Change story" and "Role modelling"



.....



Organization Topics are Key in Shaping Companies' Strategy

