



LUDWIG-
MAXIMILIANS-
UNIVERSITÄT
MÜNCHEN

LMU MUNICH
SCHOOL OF
MANAGEMENT

Management & Strategy

Strategic Organization Design

Winter Semester

Institute:	Institute for Strategy, Technology and Organization
Lecturer:	Tobias Kretschmer, Prof. Dr.
Assistant:	Jonathan Jensen, Dr.; Svenja Frieß, Dr.
Weekly hours:	4 (lecture and tutorial)
Credits	6 ETCS
Examination:	Exam
Prerequisites:	none
Course Material:	<ul style="list-style-type: none">• The Handbook of Organizational Economics (2017) Gibbons Robert and John Robert (Eds)• Scientific papers indicated at the end of each presentation set.• Case Studies indicated in the tutorials

Course Overview

The lecture "Strategic Organization Design" deals with how organizations (e.g. companies) should be designed in order to reach their strategic goals. Building upon the fundamentals of strategic and organizational concepts, the focus of this course is especially the interaction between these two fields of research. Based on the individual to company-level analysis, the course will answer questions such as how to design for innovation or how organizations could adapt to a changing environment.

The goal of this lecture is to give students an understanding of the theoretical concepts to answer questions of organizational design and the most important methodological instruments available for analyses including econometric and case-based research methods. At the same time, theoretical concepts will be applied to real-world management questions.

Course Structure

The course divides into a lecture and a subsequent tutorial. The contents of both the lecture and the tutorials are relevant for the exam. Lectures are based on:

- In-person sessions
- Videos from the Coursera course Strategic Organization Design offered by the chair.

Preliminary structure:

Lectures Overview/ Course Outline

Session	Contents
1	<p>Key concepts of Strategic Organization Design</p> <p>The goal of this first part of the module is to introduce the key concepts and highlight the importance of strategic organization design.</p> <hr/> <p style="text-align: center;">T u t o r i a l</p> <p>This first part of the module does not include tutorials.</p>
2	<p>Understanding Organizations</p> <p>The goal of this second part of the module is to understand the core dimensions of organizations and organization design. To prepare this first part of the module, you need to watch:</p> <ul style="list-style-type: none"> • On Coursera: Videos for week 1 "Structure Organizations" <hr/> <p style="text-align: center;">T u t o r i a l</p> <p>To practice with the concepts, you can complete the online quizzes on Coursera for week 1. You can follow your pace and, if you have questions on the quizzes, please post them in the Q&A forum in the thread "Coursera Course I". Questions will be answered during the tutorial.</p>

<p>3</p>	<p>Understanding Complexity</p> <p>The goal of this third part of the module is to understand how each of the core dimensions of organizations interacts with each other, creating positive or negative synergies. To prepare for this part of the module, you need to watch:</p> <ul style="list-style-type: none"> • On Coursera: Videos for week 2 “Manage Complexity and Interdependence” <hr/> <p style="text-align: center;">T u t o r i a l</p> <p>We will practice together during the tutorial using the quizzes’ material from the Coursera course for week 2. If you want, you can practice with the quizzes in advance. In any case, we will cover them during the tutorial.</p> <p>We will also go back to the questions from session two “Understanding Organizations”.</p>
<p>4</p>	<p>The aggregation function and hierarchy design</p> <hr/> <p>This third part of the lecture aims to understand how organizational value generates from complementarities, which could be mapped out through the aggregation function. We will also explore the importance of hierarchy design of decision-making and transferring information. This part will cover</p> <ul style="list-style-type: none"> • The Microfoundations of Organizing and the Aggregation Function. • Organizing: division of labor and integration of effort. • Hierarchy design. • Choosing an organizational structure. • Identifying novel forms of organizing. <hr/> <p style="text-align: center;">T u t o r i a l</p> <p>In the folder “Tutorial” you can find the preparation sheet indicating which case study you have to read in advance. You can find the case following the link to HBR cases as posted in the section “Tutorials” on top of the course page.</p> <p>iQmetrix (case study) and test questions</p>

<p>5</p>	<p>Strategic Compensation Design</p> <hr/> <p>This fourth part of the lecture aims to understand how the organizational decision-maker designs incentives to stimulate effort and participation in the tasks.</p> <p>This part will cover:</p> <ul style="list-style-type: none"> • Contract-based tools • Career- and Behavioral-Based Tools • Volunteer Contributions for Value Creation <hr/> <p style="text-align: center;">T u t o r i a l</p> <p>Sushama Industries (case study) and Test Questions</p>
<p>6</p>	<p>Meeting environmental challenges</p> <hr/> <p>The sixth part of the lecture aims to understand how organizations need to consider their environment to make strategic considerations about key resources, employees, etc. Strategic considerations about the environment are core for decisions to innovate. To prepare, you need to watch:</p> <ul style="list-style-type: none"> • On Coursera: Videos for week 3 “Understand your surroundings” <hr/> <p style="text-align: center;">T u t o r i a l</p> <p>You do not need to complete the quizzes from Coursera week 3, they are not relevant for this section.</p> <p>Amazon in Emerging Markets and Test Questions</p>
<p>7</p>	<p>Vertical and Horizontal Boundaries of Organizations</p> <hr/> <p>The goal of this seventh part of the lecture is to uncover how organizations change in order to handle the conflicting goals of flexibility vs efficiency. One important question that needs to be answered in this context is the one regarding the vertical and horizontal boundaries of organizations. This part will cover:</p> <ul style="list-style-type: none"> • Horizontal Integration • Vertical Integration



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	<ul style="list-style-type: none">• Integration and Environmental Challenges
	<p style="text-align: center;">T u t o r i a l</p> <p>Tesla in the 2020s (case study) and test questions</p>

8	<p>Strategic Organizing for Innovation I/II</p> <hr/> <p>This eighth part of the lecture aims to understand what makes an organization more or less innovative. This part will cover:</p> <ul style="list-style-type: none"> • The Design of the Innovation Incentive System • Knowledge Spillovers and Employee Mobility • The Design of the R&D Function • Contracting and Knowledge Transfer <hr/> <p style="text-align: center;">T u t o r i a l</p> <p>StartUp Cisco (case study) and test questions</p>
9	<p>Strategic Organizing and Digital Transformation</p> <hr/> <p>This ninth part of the lecture aims to understand the new research “hot topics” in strategic organization design. These will expand on the role of digitization as a driver for change in the organization of tasks and design. This part will cover:</p> <ul style="list-style-type: none"> • Strategic Change and Digital Transformation • Digital Transformation and New Forms of Organizing: Platforms <hr/> <p style="text-align: center;">T u t o r i a l</p> <p>N12 Technologies (case study) and test questions</p>
10	<p>Strategic Organizing for Innovation II/II</p> <hr/> <hr/> <p style="text-align: center;">T u t o r i a l</p> <p>Robo-Tech (case study) and test questions</p>
11	<p>The Practitioner’s View</p> <hr/> <p>This last part of the lecture aims to provide the practitioners' views on the topics covered during the course. Interviews with experts will outline how real organizations cope with the problems of division of labor and integration of effort.</p> <hr/> <p style="text-align: center;">T u t o r i a l</p> <p>Test Questions</p>

12	Q&A session <hr/> <p>This session will cover your questions in preparation for the exam. You can ask questions related to both the lecturers and the tutorials.</p>
	Exam <hr/> <p>The exam will be in person and closed book. It will last two hours. It consists of three main questions covering both theory and cases analyzed during the course, and a short new case study.</p>

* Please note that the specific content of the course is subject to change.

Main References

- The Handbook of Organizational Economics (2017) Gibbons Robert and John Robert (Eds)
- Scientific papers indicated at the end of each presentation set.
- Case Studies indicated in the tutorials