

# Organizing to Deliver Solutions

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A recent trend in business strategy is to offer solutions to customers instead of stand-alone products. The companies following a solutions strategy bundle their products together and add software and services. These packages create more value than the customers can create for themselves by buying only the stand-alone products. For the customer, solutions constitute a limited form of outsourcing, which allows them to focus on their core business. For the suppliers, solutions constitute an alternative to products that commoditize rapidly. The challenge to the supplier is to create an organization that can package and deliver the solutions.

An organization that can deliver solutions is indeed a challenge to a company that has been delivering stand-alone products. This company must add a customer-centric component to its organization and then integrate that component with its product-based structure. A company that offers solutions must become customer-centric, although customer-centric companies need not offer solutions. This article starts with a model for linking strategy and organization. Then it articulates all of the organizational features that constitute a customer-centric organization. Exactly how customer-centric a company should become depends on its solutions strategy. The next section identifies the different types of solutions strategies that will determine the different overall types of organization that should be implemented. Then it presents examples of companies that have evolved from stand-alone products businesses to companies with business units

that are both customer-centric and product-centric.

## STRATEGY AND ORGANIZATION MODEL

A model for linking different strategies to different organizations is shown in Fig. 1. It depicts an organization as consisting of four dimensions. The first is the structure, which determines the location of decision-making power. Second are the information and decision making processes. Third is the reward system that influences the motivation of people to perform and address organizational goals. And the fourth category of the model is the people dimension, which focuses on the human resources policies. These influence the employees' mindsets and skill sets.

The message of the Star Model is that these dimensions must be consistent with strategy and consistent among themselves. Our purpose here is to identify the different solutions strategies and the different combinations of organizational dimensions that characterize the more customer-centric organization that will create and deliver these solutions. In the next section we will define what a customer-centric organization looks like.

## CUSTOMER-CENTRIC COMPONENT

The biggest change to an existing organization that wants to become customer-centric,

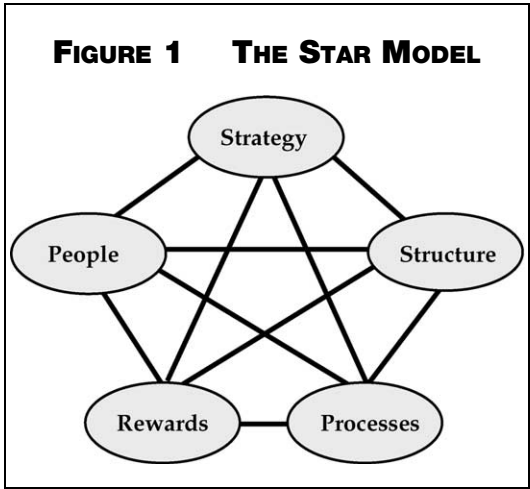


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Galbraith consults regularly with international clients in the United States, Europe, Asia and South America. His book, *Designing the Global Corporation*, describes how leading multinational corporations address the demands of their increasingly global customers to provide solutions, not just products. He is professor emeritus at the International Institute for Management Development (IMD) in Lausanne, Switzerland. He is also a senior research scientist at the Center for Effective Organizations at the University of Southern California. He has been on the faculty of the Wharton School at the University of Pennsylvania and the Sloan School of Management at MIT.

Galbraith has written numerous articles for professional journals, handbooks, and research collections. His recently revised book, *Designing Organizations: An Executive Briefing on Strategy, Structure and Process* (San Francisco, CA: Jossey-Bass, 2001), is a balanced perspective of organization design principles, structures and processes written for the executive manager.

Galbraith, along with Diane Downey and Amy Kates, produced a long-awaited workbook for organization designers entitled *Designing Dynamic Organizations* (Amacom, 2001). *Tomorrow's Organization: Crafting Winning Capabilities in a Dynamic World* (San Francisco, CA: Jossey-Bass, 1998), was a cooperative project with Sue Mohrmann, Edward E. Lawler III and the Center for Effective Organizations. *Competing with Flexible Lateral Organizations* (Reading, MA: Addison-Wesley, 1994) explores management through less hierarchical team structures. Galbraith's award-winning book, *Organizing for the Future* (San Francisco, CA: Jossey-Bass, 1993), is a compilation of 10 years of research done by the Center for Effective Organizations. Galbraith's recent working papers include: "Managing the New Complexity," "The Front-Back Organization: A New Organizational Hybrid," "Designing a Reconfigurable Organization" and "Organizing Around the Customer."



is the addition of one or more solutions units. The reason that the change is a big one is that historically all the company's units have

been product-centric. This difference in orientation is a source of tension that must be overcome if the customer-centric solutions unit is to be integrated into an existing company. The contrast between the product- and customer-centric organizations is shown in Fig. 2.

As the figure shows, a product-centric company tries to find as many uses and customers as possible for its product. In contrast, a customer-centric company tries to find as many products as possible for its customer, and it has to integrate those products. From this basic strategic difference other different organizational features flow. Product-centric companies are structured around product profit centers called business units. Information is collected around products. Business reviews focus discussions around product lines. The customer-centric

**FIGURE 2 PRODUCT-CENTRIC VERSUS CUSTOMER-CENTRIC COMPANIES**

	<i>Product-Centric Company</i>	<i>Customer-Centric Company</i>
Goal	Best product for customer	Best solution for customer
Value creation route	Cutting-edge products, useful features, new applications	Customizing for best total solution
Mental process	Divergent thinking: <i>How many possible uses of this product?</i>	Convergent thinking: <i>What combination of products is best for this customer?</i>
Organizational concept	Product profit center, product reviews, product teams	Customer segments, customer teams, customer P&Ls
Most important process	New product development	Customer relationship management
Measures	<ul style="list-style-type: none"> <li>• Number of new products</li> <li>• Percentage of revenue from products less than two years old</li> <li>• Market share</li> </ul>	<ul style="list-style-type: none"> <li>• Customer share of most valuable customers</li> <li>• Customer satisfaction</li> <li>• Lifetime value of a customer</li> <li>• Customer retention</li> </ul>
Culture	New product culture: open to new ideas, experimentation	Relationship management culture: searching for more customer needs to satisfy
Most important customer	Most advanced customer	Most profitable, loyal customer
Priority-setting basis	Portfolio of products	Portfolio of customers — customer profitability
Main offering	Specific products	Personalized packages of service, support, education, consulting
Approach to personnel	Power to people who develop products <ul style="list-style-type: none"> <li>• Highest reward is working on next most challenging product</li> <li>• Manage creative people through challenges with a deadline</li> </ul>	Power to people with in-depth knowledge of customer's business <ul style="list-style-type: none"> <li>• Highest rewards to relationship managers who save the customer's business</li> </ul>
Sales bias	On the side of the seller in a transaction	On the side of the buyer in a transaction

company is structured around customer segments. It collects information and measures profits around customer categories. Management discussions are focused on customers. There are similar contrasts around processes, performance measures, human resource policies and management mindsets. Perhaps the feature that is most different is that a customer-centric unit is on the side of the customer in a transaction. A server salesperson at IBM is on the side of the seller: the product-centric server business. However, the outsourcing and consulting people at IBM will suggest a Hewlett-Packard server if it makes more sense for the customer. In order to maintain credibility with the customer, the people from the customer-centric Global Services business must not be biased toward IBM equipment. They must be on the side of the customer in the buyer-seller transaction.

The argument above has painted the extremes of product- and customer-centricity. Not every solution provider will require this extreme organizational form. How customer-centric the solutions unit needs to become will depend on the type of solutions strategy that is chosen.

## **SOLUTIONS STRATEGY**

Different solutions strategies will result in different degrees of customer-centricity. There are four dimensions of solutions strategy that appear to make a difference to the organization. These dimensions are the type of solution, the scale and scope of solutions, the degree of integration of products constituting a solution, and the percentage of total revenue deriving from solutions.

### **Types of Solutions**

There are two main types of solutions, horizontal and vertical. Horizontal solutions are generic and apply across customer categories. For example, Sun Microsystems Inc. creates and delivers a human-resources portal solution. This portal can be used for the

human resources function across all industries. IBM, on the other hand, delivers industry-specific solutions. For example, e-Agency is a solution to put the agency network of an insurance company on the Internet. These industry-specific solutions are referred to as vertical solutions. Clearly, the vertical solutions require a more customer-centric organizational unit than do the horizontal solutions.

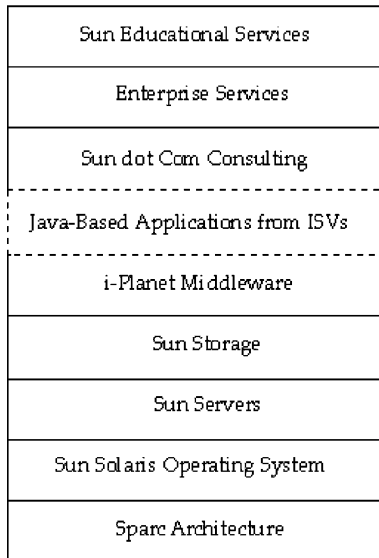
### **Scale and Scope**

The strategic factor having the greatest organizational impact is the scale and scope of the solution. Scale and scope refer to the number of products and the number of different kinds of products that are combined into a solution. For example, a small scale and scope solution would be a local area network for a work group. A dozen desktop computers, a shared printer and disk storage could all be linked by an Ethernet cable and form a network. A larger scale and scope solution would be computer-aided design (CAD) system for an engineering department of several hundred engineers. This CAD solution would require desktops, servers, storage units, CAD software, database software, network software, installation and maintenance services. It may also require financing. This CAD solution comprises many more products, software and services in addition to several hardware products. At the extreme end of scale and scope, Mitsubishi Trading Company could order state-of-the-art trading floors for 10,000 traders at six worldwide sites. This solution requires hardware, software, and services for computers, telecom, financing and training. Large turnkey projects such as these are an extreme challenge to the organization and require a high customer-centric approach. At the end of this section we will show how this factor impacts the various organizational dimensions.

### **Integration**

A third dimension is the degree of integration between the components that comprise a

**FIGURE 3 SUN'S INTEGRATED STACK**



solution. Little integration is needed between products supplied by agriculture firms to farmers. The firms try to bundle seeds, herbicides, insecticides and consulting. However, the farmer can easily buy each as a stand-alone product from a different supplier. An example of larger scale but also limited integration can be found at Service-Master. They try to provide as many simple services as possible. They provide one-stop shopping for security, catering, janitorial, parking lot management, building maintenance and many other similar services. But each is a relatively independent service that could be provided by an independent service company. A more integrated offering is the set of solutions from computer companies. Fig. 3 shows what Sun Microsystems calls "the Integrated Stack." The stack shows hardware on the bottom, software in the middle and services on the top.

All components have to operate in an integrated manner. But thanks to standards like the Java programming language, components using Java can be substituted for other components. For example, a customer

could choose BEA's middleware and substitute it for Sun's i-Planet middleware. So components in the information technology industry must be able to operate with other components. By following standards they give the customer the choice of mixing and matching different components.

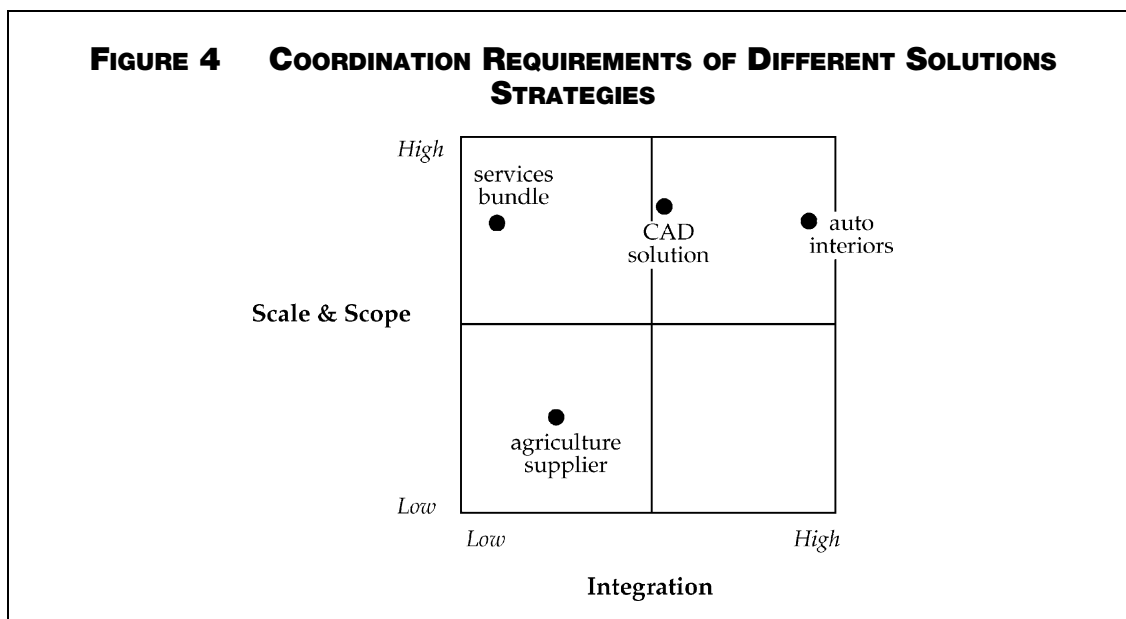
At the extreme are integral solutions where the components are unique and are designed specifically to work together. Johnson Controls, for example, designs and manufactures interiors for Toyota Motor Corp. Each Toyota model has a unique interior comprised of unique parts. These parts cannot be used on a Chrysler interior. The significance of the integration dimension for the organization is the coordination required. The organization reflects the solution. The more interdependent the components, the more interdependent the organizational units responsible for those components.

The combination of scale and scope with integration determine the coordination requirements and the organizational features to provide the coordination. Fig. 4 shows this combination and some different solutions strategies that have been discussed.

Fig. 4 shows that scale and scope and integration increase as the solutions move from the southwest to the northeast corner. The consequence is that the coordination requirements increase in the same manner. Often a company evolves its strategy and grows its organizational capability by moving the same way.

## Revenues

The last strategic dimension is the percentage of total revenues that comes from solutions. If, like Motorola, solutions contribute 10% or less, the firm can simply add a solutions unit whose task is to integrate the firm's products into solutions. When the percentage gets higher, as at IBM, the company has sufficient volume to specialize the solutions units that serve different customer segments. Instead of one solutions unit, IBM has about 12 units, each specializing in a customer segment.



### Summary

A solutions provider must become more customer-centric as its strategy increases in

1. the degree to which it pursues vertical solutions,
2. the scale and scope of the solution provided,
3. the degree of integration of the components comprising the solution, and
4. the percentage of revenue that derives from solutions.

The impact on the organization choice was described for each. For scale and scope, some additional links are explained below.

### LINKING STRATEGY AND ORGANIZATION

The solutions strategy dimensions can now be linked to the organizational factors. Let us take the primary strategy dimension of scale and scope, and illustrate some of the important links. The challenge of large scale and scope solutions is the direct result of the fact that a large number of components require a large number of organizational units to provide them. One can draw a number of

organizational implications from the scale and scope dimension.

### Structure

The larger the scale and scope of the solution, the larger the number of organizational units, and the larger the number of different kinds of organizational units that must coordinate their efforts to create the solution. That means there is a greater number of interfaces across which negotiations must take place. Structurally, the company will need strong customer-centric profit centers to pull together the products into effective solutions. It will need a greater amount of customer knowledge and a greater need for customer segment specific units. Company leadership will also need to centralize or take top-down initiatives on administering the processes that link the product units and the customer-centric units. These processes are explained in more detail in a later section.

### Processes

Following from the discussion above, the strategy setting process—which provides the rationale for solutions—needs a more

top-down aspect to it than does the same process at an autonomous business unit structure. Opportunities will be larger and will require larger “Capture Teams” to win them. There will be a greater need for an explicit shared “Capture Team Process.” This process is also supported by quick response units in the product structure. These units support the rapid assembly and disassembly of teams that cut across various product groups. The larger the scale of a solution, the more complicated is the solutions pricing. Again, there is a need for an explicit pricing process to arrive at the solutions price.

### **Reward Systems**

The larger the scale of a solution, the more complicated is the measurement of product business unit performance. Accountability is also more complicated. The pricing process leads to a more ambiguous measurement of management performance and business unit performance. For this reason, reward systems tend to focus more on company performance and less upon business unit performance. In addition, the larger the sale, the less frequent the sales. These fewer, larger transactions necessitate the redesign of sales compensation packages with less commission income and more salary.

### **People**

The large-scale solutions create a new demand for talent for account managers and project managers. The larger the scale, the higher in the customer organization the purchase decision will be made. This feature requires a more senior, sophisticated account manager. Also, there is a greater need for team selling and for account managers to be team leaders. And finally, the larger and longer the project to capture and deliver the solution, the greater the need for sophisticated project management skills and project managers.

These are some of the major organizational impacts of moving to a solutions strat-

egy and to larger-scale and scope solutions. Let us now look at some organizations that have made this transition.

## **A CUSTOMER-CENTRIC ORGANIZATION**

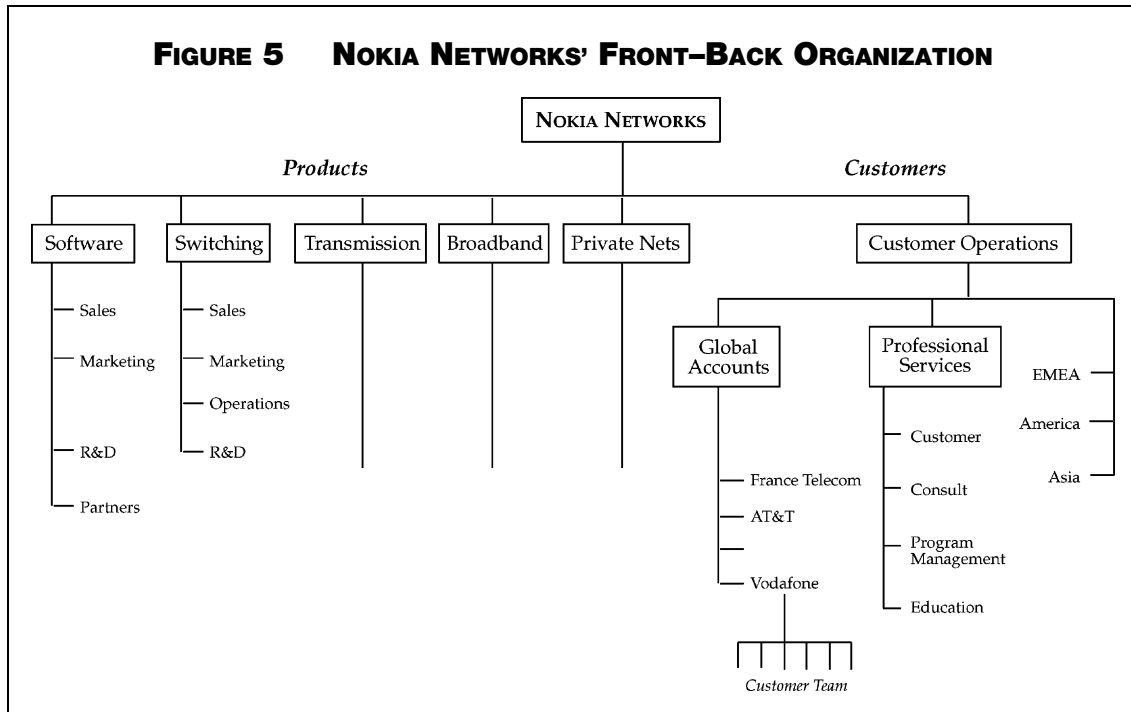
This section describes the structure and processes used by companies that have implemented a solutions strategy. One example is Nokia. Nokia moved from a product-centric company to one that is still product-centric, but also has added a customer-centric component. It is a good example of a hybrid structure of products and customers. In order to link products and customers with solutions, the solutions provider needs to add some management processes to its organization. IBM and Sun are good examples of companies that have created and are still improving their linking processes. The leadership of these companies adds its top-down influence through these processes.

### **Hybrid Structure**

The most obvious change to the structure that is made by a solutions provider is to add customer-centric solutions units. They must also be integrated into the company's processes. Sometimes, as at Motorola Inc., the solutions unit reports to the chief executive officer (CEO) and integrates all of the company's products. In the case of Nokia, as shown in [Fig. 5](#), the solutions unit was placed in business units that each serve specific customers.

The structure shown in [Fig. 5](#) is referred to as a front-back hybrid. The front end focuses on customers. It consists of local customer accounts organized geographically and large global accounts which cross geographic boundaries. These customers are the operators of wireless networks like AT&T Wireless and Vodafone. These account organizations draw upon the Professional Services organization, which integrates the company's products into networks for the operators. The products are supplied by

**FIGURE 5 NOKIA NETWORKS' FRONT-BACK ORGANIZATION**



the back end of the organization. Both the product lines and the Customer Operations are profit centers.

Initially, Nokia sold only stand-alone products to state-owned monopoly telecom companies like British Telecom. These companies had large engineering organizations that designed, built and maintained their own networks. But when wireless was deregulated, new operators like Orange in the U.K. and Mobilix in Denmark entered the business. These companies were start-ups with small engineering staffs. They came to Nokia and asked "How fast can you design and build us a network?" Nokia saw these new entrants as an opportunity and responded quickly. The other equipment companies had long-standing relationships with the state-owned companies and were slow to respond.

Nokia first built its Professional Services organization. It had a Customer Service unit, which maintained and repaired equipment in the field. In each country there were product salespeople and service people who worked for their product or service unit and for the country manager. The country

manager was the account manager for the state-owned monopoly. The Professional Services unit took over Customer Service and added Consulting Services, which designed the networks. There were also business consultants who advised on managing the networks, on what features to add like call waiting, and on how to price the services. They also created a unit for project managers. The Education Services unit was initially an internal training unit that evolved into training customers. These units are organized like consulting firms and provide talent that can be quickly mobilized into teams. These quick response teams join and are led by the global account teams for large customers.

The Global Accounts unit was introduced as the industry consolidated. The big operators, like Vodafone and France Telecom, acquired many subsidiaries in many countries. Sales teams were created for each of these customers. Each team consisted of product sales people for each product line and local account managers for each country in which the customer was located.



The Customer Operations unit has been transformed into a customer-centric front end unit. It is structured around customers. Specific customer strategies are formulated. A customer relationship management (CRM) process has been implemented. The unit is measured on customer satisfaction and customer share. These measures motivate the unit to make the customer more profitable. The unit promotes solutions and will even run the customers' networks. They will do business the way the customer wants to do business. That approach may require them to install switches from Ericsson and transmission equipment from Siemens. This customer-centric unit has been added to the product-centric units that constitute the back end of the company.

### Linking Processes

The processes that link the front and back units are important features of the front-back structure. A stand-alone product company will have a business unit planning and budgeting process, a new product development process and an order fulfillment process. A solutions provider that adopts a front-back structure needs to have those same processes plus five modifications and additions. These processes will be reviewed next.

**Strategy and reconciliation.** In addition to product strategies, the solutions company must generate customer and solution strategies. At IBM the plans and strategies are created for servers, desktops, storage units, database software, Lotus software, etc. There are also strategies for 1,000 global customers which are aggregated into industry groups. Within each industry, the customers are prioritized according to profitability. Then the customer and solutions strategies must be reconciled with the product strategies. A product general manager may feel that a customer

**FIGURE 6 SPREADSHEET TO RECONCILE SOLUTION AND PRODUCT PLANS**

		Customer/Solution Units			
		A	B	C	D
Product Units	1	Revenues Profits Growth etc.			
	2				
	3				
	4				

unit is not featuring the manager's product line as it should. Usually, top management performs the reconciliation using a spreadsheet like the one shown in Fig. 6.

The reconciliation requires a strong and active top management. In a business-unit structure, the leader can interact with business units one at a time. In a front-back structure, the leader needs to get everyone around a table and manage the natural conflict.

**Product portfolio.** Each product unit develops its own products, but each unit's products must work together with the products of other units to provide a solution. The strategy dimension of component integration is important in determining how much effort must go into planning the entire portfolio so that the products will work together. For example, if Nokia is going to offer third generation equipment,<sup>1</sup> it must have switches and transmission products, software, consulting practices, customer service contracts as well

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<sup>1</sup>Third generation (3G) is a wireless technology that will permit handsets to connect to the Internet and to various company databases.

as handsets that all work together using 3G technology. The product units cannot independently develop their own product lines without a dialogue. Again, a strong top management team is required to guide the portfolio planning process. The Nokia software product business may want to challenge Microsoft. However, Nokia will also need a totally integrated product line in order to provide customer solutions. Through the portfolio planning process, the software and other product groups have to develop a strategy that advances their product line as well as integrates the products into solutions offerings.

**Solutions development.** In addition to developing products, a solutions strategy requires a solutions development process. There are two aspects to this development process. The first is the choice of what solutions to offer. Usually the solutions providers, like IBM and Sun, choose solutions that can be replicated. Replication then requires a process to create a solution that can be sold to other customers. If every solution is unique, the company cannot make much money on them. It needs to invest up front and then replicate the solution to get a return on its fixed investment. Usually a solutions provider works with a lead customer and invests in the solution so that it can be sold to other similar customers. Sun uses its planning process to reach agreement upon which solutions it will provide. The solutions unit creates teams of five or six for each chosen solution—such as portals, Customer Relationship Management (CRM), e-Markets, etc. They also choose which solutions they will not provide.

The second aspect is an explicit process, like the new product development process, to develop a replicable solution. IBM, for example, tries to start with Swedish banks for its Financial Services solutions in Europe. They believe that innovation starts in the north of Europe and moves south. Sun uses its i-Force process. It is a step-by-step process starting with determining a customer strategy to provide certain customers with a

“jump start” to get on the Internet. Sun uses its Ready Centers to gather people from (1) the customer, (2) its partners like Electronic Data Systems Corp. (EDS) and (3) its own Field Marketing Solutions unit. The process typically starts with a lead customer that is suggested by an account manager or a partner. Upon approval of the project from the Solutions group, a team gathers in a Ready Center to create an integrated stack as shown in Fig. 3 for the customer’s application. The partners are also selected for applications and are certified in the i-Force process. Upon implementation the solutions team documents the solution and creates solutions champions in the Field Marketing regional units. These champions assist account teams in selling the solution to other customers and leading them through the i-Force process for the solution.

**Solutions fulfillment.** The company usually has an order-fulfillment or supply-chain management process. Solutions require an addition to the front end of this process. When a customer orders a solution, the solution must be broken into its product components and each is assigned and scheduled for a product division. But the assignment of revenue to the product units usually becomes an issue. When a solution is created, it usually contains an estimated price and prices for all of the components. But when an actual order is won, the solution price may be different than planned in order to win the order. Then the allocation of revenue and pricing of components becomes an issue again. The issue arises on every sale that has a solutions price change.

Pricing, therefore, is a major policy issue for solutions providers. They usually have pricing committees or pricing centers. For example, at IBM the finance department is active in pricing and has models based on its experience for pricing decisions and allocation of revenue. To make the decision in a timely manner and resolve disputes, the finance people make the final decision at IBM. So the fulfillment process requires a computational change which breaks orders

for solutions into orders for products and a pricing decision process for determining revenue for solutions and products.

*Assembly–disassembly of teams.* A major addition to all solutions companies' processes is one for mobilizing teams to capture opportunities for solutions sales and their implementation when capture is successful. The size of the task of assembling teams of talent is directly related to the scale and scope of the solution. The larger the solution, the larger the capture team that must be marshaled. However, large solutions can usually be anticipated and planning begun before the actual request appears. The IBM or Sun account manager for Volkswagen should know that a new American assembly plant is in the works. The account team can usually talk to the chief information officer and predict what equipment and software will be needed. So a lot of work for gathering a team and preparing a bid can be done in advance.

Timing can sometimes be predicted as well. But when the request to bid is made, time is critical. The account team of salespeople needs to swing into action. But they also need to be supplemented with people from the services, from the partners and from the product lines. Often the services units are organized like a consulting firm, where people routinely move from project to project. The product lines often have business development departments with people who are tasked with winning new business. These people join the capture team and work with the salespeople to win the opportunity. IBM forms quick-response groups of technical people trained in solutions like "wireless field applications" that can form and re-form into capture teams. The important point is to have flexible resource units that can contribute to the constantly forming teams. The amount of revenue that comes from solutions is an important determining factor on this design of flexible resource units. The larger the revenue, the easier it is to get product and service units to create quick response teams. If the product and service units have growth

goals, they are interested in winning new business.

Another key feature of assembling teams is a short-run decision process to match resources with opportunities. Companies with a wide scope of solutions will engage many specialists. Invariably some of these specialists are in short supply and limit the number of opportunities a solutions provider can address. Originally SAP programmers were in short supply; next it was specialists who could do secure transactions on the Internet. A company needs to decide which opportunities will be pursued. The priority of the customer created in the customer strategy will be used in the decision process. Some companies assign a priority number from one to five to customers in the strategy process. Usually the priority is based on customer profitability. IBM uses its regional organization to allocate the limited talent to opportunities. All talent resources are organized regionally rather than by countries. The head of Europe and his team meet once or twice per week to match their limited resources to opportunities. Consulting firms have similar regional decision processes. These firms usually have a scheduling or staffing department that supports these decision processes.

## **Rewards and People**

The rewards at Nokia, IBM and Sun are like the ones discussed earlier. They have all adopted single company rewards like stock options and customer-centric measures like satisfaction. Bonuses at Sun are also based on eliminating failures at key customers like e-Bay. IBM bases bonuses on customer satisfaction measures.

The companies have also wrestled with the issues of finding talent for account managers and project managers. In the end, they hired some veterans from their customers to be account managers and to teach insiders the networks at the large customers. Some people were outside hires from consulting firms and from small acquisitions. But the newcomers were to fill positions immedi-

ately and teach insiders the necessary skills. Eventually, insiders were developed for these new positions. Most solutions providers have adopted assessment practices, through which people are selected on their ability to work in the team-assembly environment and can handle the conflict-management processes.

## Leadership

Throughout this article, the need for active leadership has been mentioned. The addition of customer-centric units to the product-centric units causes a natural conflict. If not legitimized and resolved, this conflict can easily lead to an internal focus and a loss of competitiveness. The primary means for managing and resolving conflicts between the product- and customer-focused units is through the management processes discussed above. These processes permit a top-down element to be added—not substituted—to the bottom-up element present in business unit organizations.

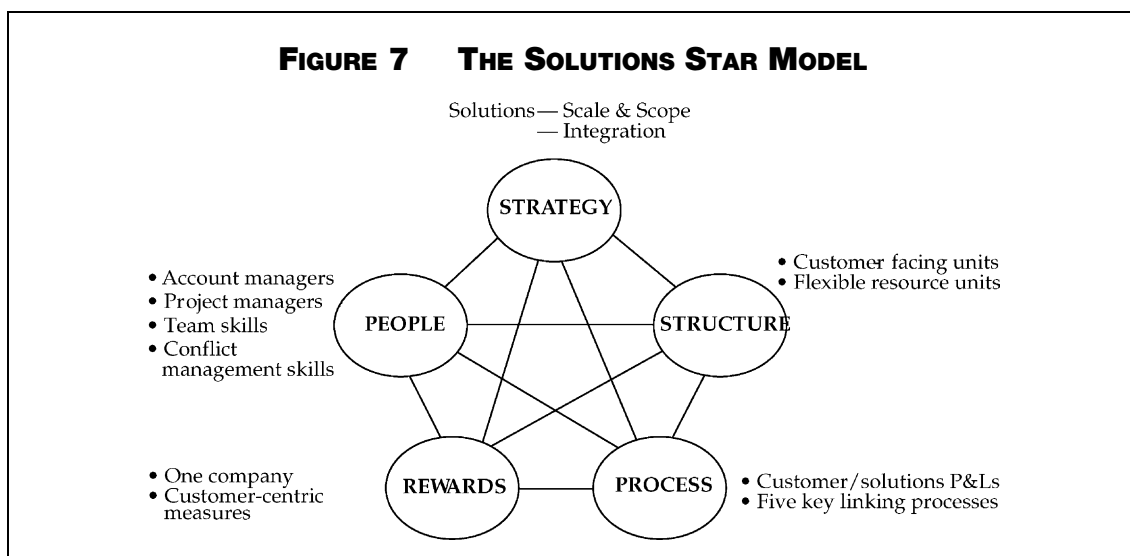
The biggest change for leaders is usually the shift away from a one-on-one style. In the product organization, the CEO and her or his management team relate to one business unit at a time. The front-back structure and the spreadsheet-planning process assume a

more interactive problem solving process with multiple product and customer unit managers. Many leaders are unable to manage these tension-filled processes. If a management team cannot lead through these processes, it is advised to stay with small scale and scope solutions. Solutions strategy is a team sport and a conflict resolving sport.

## Summary

The company that desires to create and deliver solutions to its customers needs an organization that is a challenge to manage. Fig. 7 shows the organizational features that a solutions provider must have aligned. The features depend on the strategic dimensions like scale and scope, and the integration of components. The structure requires customer-facing solutions units and flexible resource units to staff capture teams. It needs profit and loss accounting systems for customers and solutions.

It needs the five key processes discussed above to link the back-end product units to the customer-facing solutions units. These were the strategy, product portfolio, solutions development, solutions fulfillment and pricing and team assembly processes. The reward system needs to emphasize a



one-company orientation. And the critical roles requiring recruiting and development are account managers and project managers. The critical skills of team management, team participation and conflict management need to be developed and selected. So becoming a solutions provider requires a lot more than

bundling and cross-selling products. It requires that the leaders fashion a solutions organization and manage it actively.



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A more complete discussion of the Star Model can be found in *Designing Organizations*, revised edition, by Jay R. Galbraith (San Francisco, CA: Jossey-Bass, 2002). Chapter 7 has a discussion of customer-focused organization and a more complete definition of customer centricity.

Some research findings on solutions strategy can be found in the following refer-

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