

Designing Leadership Teams in the Operating Model

How leadership team structure shapes decision quality, execution, and organizational change

Prepared by Christie Irizarry



**IRIZARRY
CONSULTING**

Learning Objectives

1. Assess whether a leadership team's current governance model aligns with enterprise strategy
2. Identify the decisions that belong at each unique layer of the organization
3. Clarify decision authority and boundaries between the top leader, the top team and leaders lower in the org
4. Redesign leadership team forums to focus on the right conversations, decisions and members
5. Prepare sponsors for the structural and political implications of governance redesign



Opening Reflection

When a leadership team struggles, what or whom typically gets blamed?

What if the issue is not competence — but design?

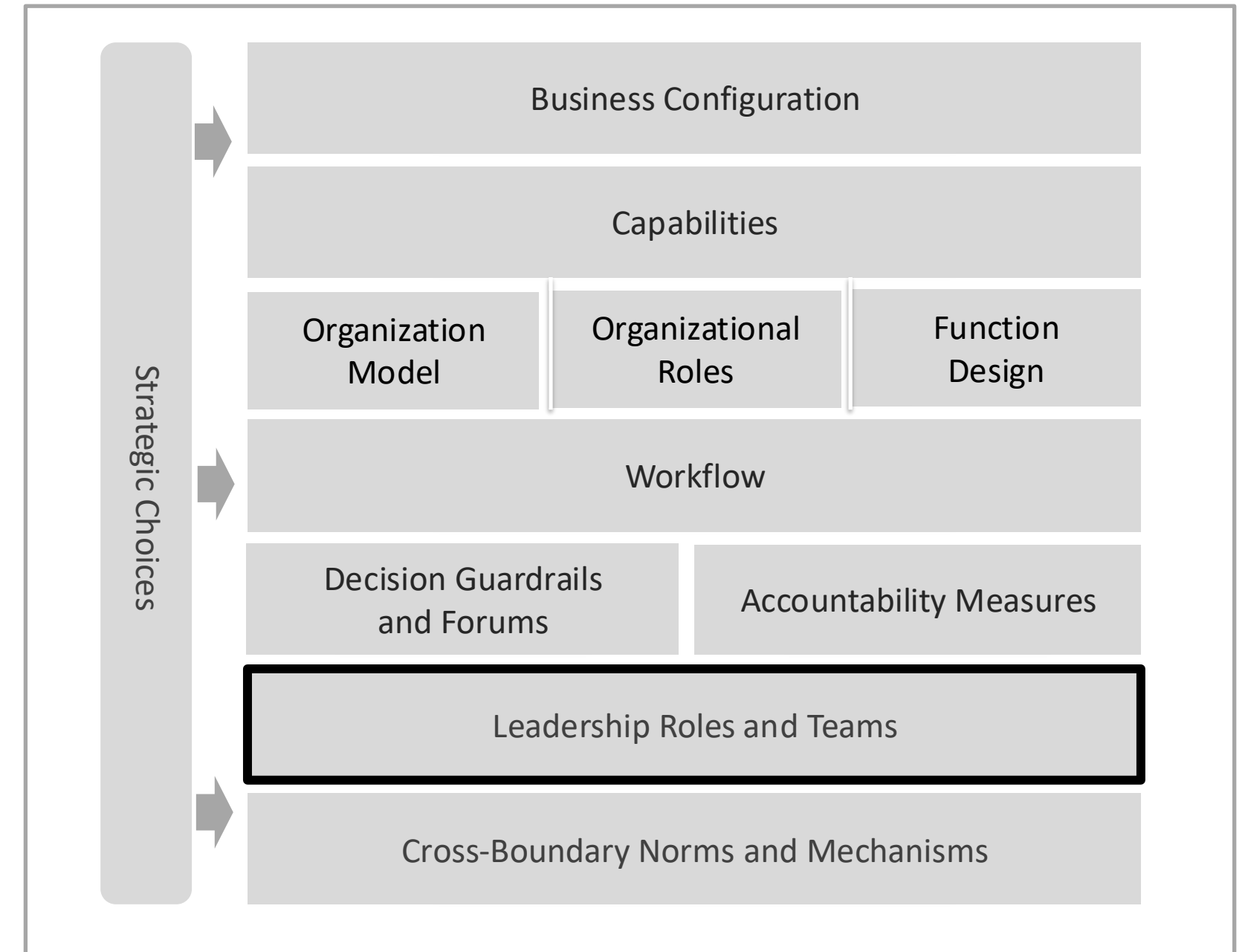
Leadership Teams & the Operating Model

Organization design is the process of aligning all of the organizational components to achieve a set of outcomes.

Operating model is the fullest expression of that work - it is a comprehensive picture of how the organization will deliver on the business strategy.

Leadership roles and teams work to set priorities, allocate resources, resolve trade-offs and integrate across boundaries in the organization.

The operating model components



Source: *The Organization Design Practitioner: Building Operating Models that Deliver*; Kates, Kesler

Default vs. Designed Leadership Teams

Default Formation

- Membership based on hierarchy
- Legacy structures persist
- Meetings centered on report-outs
- Decision rights unclear

Designed Formation

- Membership tied to priority work
- Clear collective purpose
- Explicit decision model
- Defined integration responsibilities

Leadership teams often form by default. Strategic execution requires design.



Indicators a Leadership Team May Need Redesign

Strategy does not translate into coordinated action

Decisions are slow or repeatedly revisited

Functional optimization overrides enterprise outcomes

Accountabilities overlap or leave gaps

Meetings have become status updates

**These are not performance failures.
They are organizational design issues.**

Team Design Components

Six components define a well-designed team:

1. **Purpose** – What work requires collective ownership?
2. **Goals** – What outcomes will we deliver?
3. **Roles & Membership** – Who must be present to make decisions?
4. **Governance Model** – How are decisions made and tradeoffs resolved?
5. **Ground Rules** – What norms enable productive tension?
6. **Operating Rhythm** – How does the team sustain alignment and accountability?

What makes the design of a LEADERSHIP team different?

Leadership Teams at the Strategic & Integrative Layers

Strategic Leadership Layer



Time horizon: 5-10 Years

Integrative Leadership Layer



Time horizon: 2-5 Years

Anchor Layer/Operating Layer



Time horizon: 12-24 Months

Source: *Networked, Scaled & Agile*; Kates, Kesler, DiMartino

Leadership Teams at the Strategic & Integrative Layers

Strategic Leadership Layer

- Set the vision, manage the portfolio, set clear direction, priorities, and culture
- Make big bet and trade-off decisions
- Communicate purpose with one voice



Time horizon: 5-10 Years

Integrative Leadership Layer

- Manage the forums, systems, processes, and ways of working to drive horizontal, structured collaboration across boundaries



Time horizon: 2-5 Years

Anchor Layer/Operating Layer

- Serve customers profitably
- Enable teams with direction, resources, coaching, and clarity - consistent with enterprise guidance



Time horizon: 12-24 Months

Source: *Networked, Scaled & Agile*; Kates, Kesler, DiMartino

**Leaders may move between these layers in their day-to-day work but
Leadership Teams operate at the Strategic and Integrative Layers**

Teams at each layer make different types of decisions

	Type of Decision	Examples	Tools to use	Risk of wrong approach
Strategic Leadership Layer	Mega-choices Strategic bets for the enterprise	Product and service portfolio, resource allocation, enterprise priorities	Debate, align and commit	Underinvest in the debate, oversimplify complex issues, organization doesn't receive clarity.
Integrative Leadership Layer	High value tension areas Cross-boundary decisions at nodes where value is created or lost	Product and service development, business partnership, program and service delivery, talent management	Design structured collaboration and designate a "golden vote" for critical few decision areas that really require collaboration (typically about 10-15)	Over-reliance on consensus Using complex tools that never get used
Anchor Layer/Operating Layer	Operational choices Routine, repeated decisions	Process maintenance, service standards, functional performance	Keep it simple. Designated owners make decisions based on delegated level of authority.	Too much complexity, too many people involved in every decision.

Source: *The Organization Design Practitioner: Building Operating Models that Deliver*; Kates, Kesler



Designing Leadership Teams' Governance Model

Designing a leadership team's governance model

- 1. Define decisions to be made** — What decisions can only this team make? What decisions should never escalate to this layer? What decisions must be delegated to the integrative layer (or functions, or regions/markets)?
- 2. Remove operational decisions** from the agenda
- 3. Clarify decision-making expectations and approach** -What are our expectations for how we make decisions, principles followed, tools used?
- 4. Define decision authority and escalation boundaries**
 - *Assign decision owners* — e.g. Functional leader responsible for functional excellence (how) decisions; Business leader responsible for business translation of strategy (what) decisions
 - *When is it appropriate to escalate and to whom?* (use escalations sparingly)
- 5. Design explicitly the forums where decisions will be made** — strategic layer forums for the top team and integration layer forums for roles below the top team to address high-value tension areas. Be intentional about how information and decisions will flow up and down
- 6. Ensure team membership reflects perspectives** needed for decisions — not hierarchy alone

Break-out Case: Apex Systems

Apex Systems sells agricultural products and services. The organization has committed to shifting from a functionally siloed organization to an integrated product delivery model.

Strategic Intent:

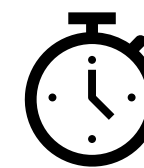
1. Deliver customer value faster
2. Improve product-market responsiveness
3. Reduce hand-offs and duplication

Over the past 18 months, progress has stalled:

- Product launches are delayed due to cross-functional misalignment
- Investment decisions are revisited multiple times
- Technology and Operations escalate conflicts to the CEO
- The executive team (strategic layer) and the newly created integrated product delivery teams (integrated layer) are spending significant time together, but few decisions are made

The CEO recognizes that the strategy is sound — but the current leadership team governance model was designed for a functional structure, not an integrated one.

What must change in how leadership teams make decisions to make the strategy real?



Break-Out: 15 minutes
Debrief: 10 minutes

Break-out: Redesigning the Governance Model

Context:

- You are the CEO's strategic advisor.
- Your task is not to redesign the org chart.
- Your task is to redesign how leadership teams make decisions.
- Even number groups (2,4,6...) are focused on strategic layer (CEO and top team)
- Odd number groups (1,3,5...) are focused on integrative layer (Product delivery team)

Part 1 – Define the Decisions to be Made

Identify decisions that your assigned leadership team should own in order to deliver the company's strategic intent.

Part 2 – Clarify Boundaries

Identify what decisions should NOT sit at this layer?
What decisions must be delegated to a layer below or above?

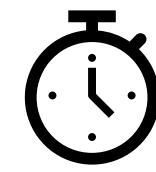
Part 3 – Authority Design

For 2-3 of decisions made in your layer, define who decides (CEO, full team, functional leader, business leader, other decision owner)

Debrief:

Be prepared to share:

- Two decisions you selected — why they belong at this layer and who has decision authority
- One decision you deliberately pushed up or down — and why
- What governance tensions surfaced?



Debrief: 10 minutes

DEBRIEF

What decisions did you focus on?

What decisions did you push up / down?

What governance tensions surfaced?

What felt easy/hard about this process?

Example for Practitioners: Designing Strategic and Integrative Layer Forums

Purpose	Work	Forums	Cadence
Govern enterprise direction and long-term value creation (Strategic Layer)	<ul style="list-style-type: none"> Define product portfolio strategy and investment thesis Allocate capital across product lines Set enterprise performance metrics Define operating model guardrails (centralization vs. autonomy) Appoint key product and technology leaders Make major tradeoff decisions impacting long-term direction 	Enterprise Leadership Team (ELT) Dedicated Strategy & Portfolio Sessions	Monthly strategic governance session (3–4 hrs) Quarterly portfolio review (half-day) Annual strategy refresh
Drive cross-functional coordination to execute product delivery model (Integrative Layer)	<ul style="list-style-type: none"> Resolve cross-functional delivery conflicts Prioritize product roadmap sequencing Align technology capacity with product demand Manage shared service levels and dependencies Surface escalation-worthy tensions to ELT Monitor delivery performance across functions 	Product Delivery Leadership Forum Cross-Functional Portfolio Review Delivery Steering Forum	Bi-weekly delivery forum (90 mins) Monthly cross-functional review Escalation pathway to ELT as needed

Resource for Practitioners: How to prepare the top leader for LT design work

Top leaders often:

- Make structural decisions privately
- Avoid clarifying decision authority
- Seek alignment without redefining power

(Listen for these themes when diagnosis the problem)

Questions to ask when preparing a top leader for leadership team redesign:

1. How do you currently think about decision authority at the top of the organization?
2. Where is it clear — and where might it be ambiguous?
3. What tradeoffs do you believe this team must explicitly own going forward?
4. How do you see the role and composition of this leadership team evolving as the strategy evolves?
5. Where do you anticipate tension if governance becomes more explicit?
6. What concerns do you have about clarifying decision rights or shifting authority boundaries?
7. What would “success” look like to you if this governance model were working effectively?



Key Takeaways

Leadership team design is an important part of the operating model

Default teams rarely match organization's strategic intent

Each layer is responsible for different types of decisions

The evolution of the organization depends on the evolution of its leadership team

By designing teams intentionally, we can enable the organization to evolve.

Thank you

STAY IN TOUCH:

[Linkedin.com/in/christieirizarry/](https://www.linkedin.com/in/christieirizarry/)

Christie.Irizarry@icloud.com

Philadelphia, PA, USA



List of resources

1. **Coming Soon!** **The Organization Design Practitioner: Building Operating Models that Deliver (2026)** by Amy Kates and Greg Kesler
2. **Networked, Scaled and Agile: A design strategy for complex organization (2021)** by Amy Kates, Greg Kesler, Michele DiMartino
3. **Organization Design (2021)** by Donald L. Anderson
4. **Leading Organization Design: How to make organization design decisions to drive the results you want (2011)** by Greg Kesler and Amy Kates