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A Pathway to Guiding, Stimulating, and Maintaining Open Innovation in Multinational Enterprise

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Abstract:

Agency Theory has attracted significant controversy by exposing both conflicts of interest within the firm based on the innate human need that is self-interest. A lack of self-interest leads to destructive behavior and incentives will make the work place more difficult to control. Open innovation has been an increasing trend with large companies, however, the cost savings and the structure of this integrative mechanism may still be unknown. To provide a more ontological view of agency theory in an open innovation environment, the author shows that organizational defenses can be overcome to promote mutual benefits for the firm. A case study is used that shows that a multinational enterprise can realize growth and be agile in spite of its size. The author adds to theory by establishing propositions for growth by leveraging relatedness and collaboration that enables open innovation throughout a federated organizational design.

Kew Words: Addressable market, Sector synergies, Collaboration, Interdependencies, Diversification, Multi-unit synergy

Introduction:

The agency theory put forward by Jensen and Meckling (1976) has attracted significant controversy as summarized and reflected in Brennan and Ohaeri's (1994) article. The intent of Agency Theory as presented was to both summarize 200 years of economic theory and to discuss the value maximizing behavior of a firm (Jensen & Meckling, 1976). The discussion of the firm exposed both conflicts of interest within the firm as well as aspects of a desired equilibrium, all based on the innate human need that is self-interest. The thought was that self-interest causes conflict and, therefore, needless cost because a lack of self-control leads to destructive behavior (Jensen, 1994). Brennan and Ohaeri (1994) suggests that incentives will make the work place more difficult to control. Jensen summarizes that the central proposition to agency theory is not that people are self-interested, or that conflict exist. Rather, the theory is that rational self-interested people always have incentives to reduce or control conflicts of interest so as to reduce the losses these conflicts create (Jensen, 1994). Jensen (1994) suggests that Brennan has taken the position that human beings cannot be improved and that it is not possible to mitigate these conflicts of interest.

Open innovation has been an increasing trend with large companies achieving 50% of their research

and development (R&D) using external sources (Sloane, 2011). The cost savings and the structure of this integrative mechanism may still be in the modelling phase. To provide a more ontological view of agency theory in an open innovation environment, the author intends to show that organizational defenses can be overcome (Argyris, 1990) to promote the mutual benefits of the firm. A case study will be used that epitomizes the structure of the multinational enterprise (MNE) with multiple spinoff business units (BU) in a dynamic and competitive environment (Prahalad, 1980; Strikwerda & Stoelhorst, 2009). Organizational change is often required to enable an effective open innovation environment. This design was able to collect features from federated locations, recombine resources through the exploitation of synergies, manage a diversified and related portfolio, and measure performance to maintain aligned control. The MNE achieved growth through the exploitation of organizational design and collaborative efforts.

This paper is structured in such a way as to show that an MNE can realize growth in spite of its size. In this article, the author adds to theory by discussing the view in literature that relates to growth synergies and diversification of a product portfolio in an interdependent firm. According to Jenkings, "The usefulness of any theory is its ability to describe the world (Jensen, 1994, p. 10)." The author intends to add to theory by establishing propositions for growth through open innovation throughout a federated organizational design that emerged during the study. Following the literature review, the methods will be described. Then the findings from the study will be discussed including the propositions that emerged from the data that show that a large bureaucratic organization can be nimble in a dynamic market. This will be followed by the conclusion.

Literature Review

Growth Synergies:

The exploitation of growth synergies can lead to profitability, pricing power in the marketplace, the ability to leverage strengths, and scalability with minimal cost. Growth synergy has generally been neglected in the literature. Operative synergies, prevalent in the literature, represent sustained performance advantages of multi-business firms that leverage operative resources across businesses that exhibit relatedness. According to Mueller-Stewens and Knoll (2006) synergies are prioritized on corporate agendas. Unfortunately, growth synergies are typically explored through the lens of product and service diversification. Empirical studies typically use operative synergies for describing the impact of relatedness, as described by the presence of similar activities and shared resources at various points of the value chain (Davis & Thomas, 1993). Relatedness may also exist between business units of diversified firms (Amit & Livnat, 1988; Berger & Ofek, 1995; Christensen & Montgomery, 1981; Grant & Jammine, 1988; Lang & Stulz, 1994; Ramanujam & Varadarajan, 1989; Rumelt, 1982; Simmonds, 1990). In order to further contrast operative synergies from growth synergies, operative synergies are now discussed more fully.

Operative Synergies

Managers of multi-unit businesses desperately search for synergies within their businesses. Studies suggest that they exist (Goold & Campbell, 1998); however, authors have not yet established a research perspective for cross-business synergies in a multi-dimensional context. The exploitation of operative synergies can lead to profitable corporate growth. This type of synergy has, to some extent, been generally neglected in the literature. Operative synergies represent sustained performance advantages of multi-unit firms which leverage operative resources across businesses that exhibit relatedness (Martin & Eisenhardt, 2001).

Relatedness:

Empirical studies typically use operative synergies for describing the impact of relatedness as described by the presence of similar activities and shared resources at various points of the value chain (Davis & Thomas, 1993). Relatedness may

also exist between business units within diversified firms (Amit & Livnat, 1988; Berger & Ofek, 1995; Christensen & Montgomery, 1981; Grant & Jammine, 1988; Lang & Stulz, 1994; Ramanujam & Varadarajan, 1989; Rumelt, 1982; Simmonds, 1990). Relatedness is sometimes referred to in the context of economies of scope (Bailey & Friedlander, 1982; Panzar & Willig, 1981). While economies of scope refer to economics around increased production of multiple products, economies of scale are related to cost economics associated with increasing the output of a single product. Scope economies often occur together with scale economies and so are often included in firm expansion discussions (Cappron, 1999; Collins & Montgomery, 2005). Operative resources that may be related are tangible and intangible resources necessary for ongoing operations that may include product knowledge, product components, and production facilities that represent production capacity. By contrast, while operative synergies benefit cost-related profitability, growth synergies substantially benefit profitability, as they occur when unique, rare, and complementary resources are combined strategically.

Resources:

Functional synergies contribute to corporate advantage when resources are better utilized because they are difficult to find. In this way the organization is exploiting the agency and transaction advantages of the firm (Jackson, 2009). A super-additive benefit occurs from a cost efficiency perspective if it is significantly less costly to combine two or more highly sought after resource combinations into one organization than it would be to use them separately (Panzar & Willig, 1981). These profitability benefits are experienced when non-imitable resources are shared to stimulate growth when an opportunity presents itself. This benefit occurs while exploiting the economic impact of underutilized resources across multiple units. While physical production has been the focus of efficiency synergies (Panzar & Willig, 1981), growth synergies may also occur in non-production activities like R&D (Davis & Thomas, 1993; Wiessmeier, Axel, & Christoph, 2012) and may include intangible resources like best practices and brand image (Milgrom & Roberts, 1995; Montgomery & Wernerfelt, 1982; Prahalad & Hamel, 1990; Szulanski, 1993).

Corporate Synergies:

Performance advantages in an MNE are achieved when corporate management capabilities are leveraged across business units. The idea is that corporate leaders increase performance through managerial advice, thereby improving the profitability of the individual business unit in the firm. While these capabilities and the resultant positive impact may not be as frequent as desired, they are realizable with the right leadership. Bowman and Helfat (2004) hypothesize that corporate leaders generally create value in an MNE by establishing the scope of the firm, specifying corporate and business goals, generating an organizational climate, implementing corporate control mechanisms, establishing a suitable organizational structure, and correctly allocating core competencies as applicable. Hill and Jones (2007) refer to general organizational capabilities that, when transferred to corporate, increase corporate oversight efficacy. An increase in entrepreneurship, organizational design layout, and strategic capabilities are to be expected. To the extent that corporate managers are not isolated or unaware of business unit issues, they should be able to diagnose the real source of performance problems in underperforming business units and take appropriate actions for remediation. Additionally, corporate should be able to develop leaders, conduct strategic planning, provide financial control, provide international management, and promote decentralized decision making that reconciles with centralized control (Bass, 1981; Bell & Kozlowski, 2002; Grant 2005). According to Goold, Campbell, and Alexander (1994) corporate management resources may assume a parent role that could include deciding on acquisitions, businesses support issues, and alliances with other companies. The corporate

parent, depending on its ability to influence and the degree to which it is centralized, also defines the organization design, defines the budget process and capital investment process, determines the relationship between the business units and the corporate center, and sets the tone for corporate values and culture (Martin & Eisenhardt, 2001).

Corporate management synergies differ from operative synergies. They both are value based; however, corporate management synergies are mainly concerned with the value in the relationships between the corporate center and individual business units. In contrast, operative synergies focus primarily on the attributes of the connection between businesses. Corporate synergies tend to be focused on the value-relationship between skills in the corporate center and the functional and strategic fit between business units. Operative synergies tend to be focused on opportunities with similarity and complementarity along the value chain (Pankratz, 1991). While these synergies are different, they are complementary and aim to extract value from resources. Corporate synergies are likely to increase with strategic relatedness between the business units and the overall corporate portfolio. When businesses face common challenges they can benefit from meaningful corporate advice. This is referred to as "dominant logic" (Prahalad & Bettis, 1986). Managerial relatedness is evident in similar size, similar time spans of capital investment, similar requirements of management skills, similar life-cycle stages in the industry, similar competitive positions within markets, and similar time horizons for targets (Grant, 2005). In some cases, corporate may have expertise in a needed skill. For example, they may provide guidance in strategic planning. They may also provide guidance related to appropriate organizational structure design, assuming they are able to effectively connect beneficial design and market need.

Profitability

Studies on operative synergies typically only capture benefits of economies of scope, by sharing similar or slack resources across businesses (Shaver, 2006; Panzar & Willig, 1981; Tanriverdi & Venkatraman, 2005; Williamson, 1975). Relationships among business units need not be limited to economies of scope but also must lead to value-enhanced revenue, or corporate growth (Davis & Thomas, 1993; Mueller-Stewens & Knoll, 2006; Tanriverdi & Venkatraman, 2005) referred to as positive spillovers (Shaver, 2006). This type of corporate growth associated with the combination and transfer of complementary resources is limited as efficiency gains are not necessarily realized through sharing alone (Eisenhardt & Martin, 2000; Tanriverdi & Venkatraman, 2005). These value-enhancing opportunities, or profitable growth advantages, are created by combining complementary operative resources across businesses.

Multi-Unit Synergy:

Cross-business or cross-unit synergies were introduced by Igor Ansoff in 1965 largely in the context of alliances (Das & Teng, 2000; Harrison, Hitt, Hoskisson, & Ireland, 2001), mergers and acquisitions (Larsson & Finkelstein, 1999), and for multi-unit firms (Ansoff, 1965; Martin & Eisenhardt, 2001; Martin, 2002; Porter, 1985). Synergy in this dissertation is focused on a multi-unit firm (MNE) with a multidimensional organizational structure (MOS). The term unit, shown as L# in the figure below, has the context of a business entity with a leader in a geographic location, generally, with profit and loss (P&L) financial measurements. The business unit operates autonomously performing value chain activities. As business units provide products or services to clients that are shared, their performance is measured by a profit and loss statement and a budget. In this case study, the author is using an MNE that has a self-contained global value chain (Palmisano, 2006). Cross-unit synergies are the value that business units co-create together relative to what the value would have been separately (Martin & Eisenhardt, 2001; Wiessmeier et al., 2012). As this definition focuses on value it applies to both cost reduction and revenue enhancement. It is further noted that these benefits are constrained by time to be growth synergy opportunities. While cross-unit synergies describe the value added by the corporate level, they also explain the value that

is associated with collaboration between dimensions in an MOS. Value is defined specifically as the net present value of the MNE including all of its business units.

Interdependencies

As synergies are recognized and realized, interdependencies between business units are strengthened (Porter, 1985; Prahalad & Doz, 1987; Zhou, 2011). Depending on leadership behaviors, these interdependencies can lead to the obfuscation of relevant facts, and to role ambiguity. This makes it more difficult to measure the synergistic potential. The effort needed to evaluate the businesses requires higher controlling costs, as overhead needs to manage multiple equilibria through critical decision making about joint design, joint scheduling, mutual adjustments, setting transfer pricing, and designing reward systems that encourage cooperation (Arrow, 1974; Becker & Murphy, 1992; Marshak & Radner, 1972). The burden on information systems and the volume of initial and ongoing decisions made, leads to a higher probability of decision errors (Levinthal, 1997; Sutherland, 1980). Knowledge sharing depends on the combinability of knowledge bases and active collaboration (Argyres, 1996; Henderson & Cockburn, 1994). This non-exhaustive resource across workflows and products carries the risk of contamination (Greenwood, Li, Prakash, & Deephouse, 2005).

Effort is needed to manage the ripple effect of beneficial and non-beneficial decisions (Zhou, 2011). As more inputs are shared between the integrated businesses and as more relationships need to be adjusted, the sensitivity to the ripple effect increases (Zhou, 2011). Furthermore, the potential for the asymmetrical distribution of benefits is frustrating. It stalls decision making and diminishes entrepreneurial energy. Synergy is instead better served by simplification to reduce waste, the liberation of employees to make creative decisions, and a healthy work experience (Rose, 1990). Moreover, interdependency may also drive the need for compromise, resulting in a less favorable outcome for one of the involved parties. The imposed compromise may result in an interdependency that diminishes the value of a product, enacts self-cannibalization, or diminishes the value of a customer (Goold & Campbell, 2002). Compromise may also reduce a business unit's ability to be flexible (Eisenhardt & Galunic, 2000; Porter, 1985; Prahalad & Doz, 1998). Rigidity may become evident in slower adaptation to change in a dynamic market, resulting in the inability to innovate due to internal competition (Birkinshaw & Lingblat, 2001; Gulati, 1995; Peters & Waterman, 1988; Prahalad & Doz, 1987) and inefficiencies in organizational design (Sloan, 1986). Furthermore, continued strategy innovation is necessary in disruptive and high-velocity environments where structure and norms are unstable or erratic (Christensen, 1997; D'Aveni, 1994; Hamel, 2000; Markides, 1999). As a result, a typical multi-unit organization looks like the figure below.

The figure below illustrates how an organization can be fragmented, broken, and incomplete. It shows the opportunity for lines to be complete across all of the locations, clients, and diagonal functions. For example, there are products and services that have not been developed that could be sold in a variety of markets. This would be represented by an incomplete product line. There are also clients that the case company does not have that they could if they had the right product offerings. There are market locations that the company should be leveraging. There are support functions that are not available at all locations. Growth synergy realization would make the lattice in the figure below more complete and robust such that it would evolve towards the next figure.

Figure 1. The multi-unit organization prior to growth synergy. This figure illustrates the incompleteness of an MOS due the lack of growth synergy exploitation in the organization.

Competitive Advantage:

When competitive advantage creates a higher economic value for the firm than its rivals can produce, cross-unit synergies contribute to corporate advantage (D'Aveni, Dagnino, & Smith, 2010). The opportunities, as represented by box shade variation in the figure below, can be discovered through various capability analysis techniques, which is a structured planning method used to evaluate the strengths, weaknesses, opportunities, and threats, internal performance reviews, competitor analysis, or addressable market analysis. The opportunities are located at the nodes, where they naturally reside as these are the dimensional factors that would enable the exploitation of the opportunity.

As an example, a client (C6) could want more of the company's products or services. A location (L7) could expand its product or service portfolio due to a local market opportunity. An ERP (S1) could be used by other divisions to leverage profitability, whereupon they would share the cost of the system, improving profitability at the company. Lastly, a product (Prod 4) could be sold to other clients, possibly external to the company. The scalability of the MOS, exogenous to its existing domain, points to profitability as all of these instances exploit existing skills, infrastructure, and resources. The figure below illustrates the scalability of the MOS.

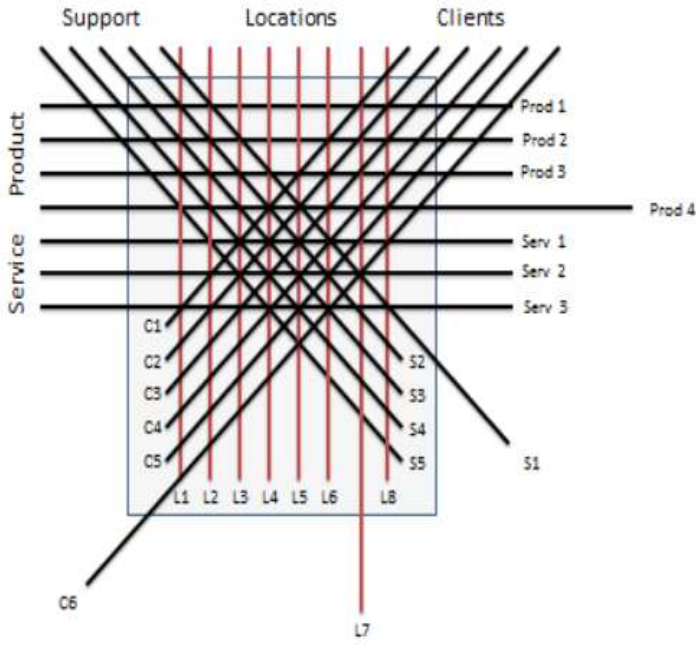

Figure 2. MOS scalability. This figure shows how the MOS lines can scale depending on the need and the dimension.

Furthermore, an opportunity could be an immediate client need, a servicing issue to be resolved, margin inadequacy, a capital expenditure (CAPEX) enabled sale, a filler for a capacity shortfall, or revenue that could be experienced through a critical support function that has been missing. One opportunity could lead to another. For example, the exploitation of C2/Prod 4/S1/L5 could lead to a further opportunity with Prod 1 at L5 and Serv 1 at L1. The link preserves the attachment to any lines at the primary opportunity. Synergistic linkage will enhance profitability and minimize investment to realize the opportunity. The priority of exploiting the opportunities at the nodes could relate to the magnitude of the opportunity, the investment needed to exploit it, or the profitability of the opportunity, as examples.

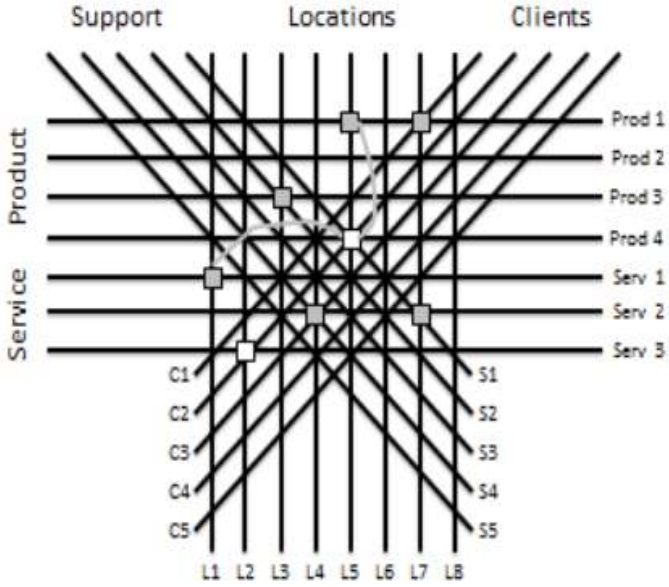

Figure 3. Growth synergy opportunities prioritized at the nodes. This figure illustrates the relatedness of opportunities and the capability of the model to be used for prioritization.

Sustained Advantage

Opportunities can be prioritized based on corporate growth and synergy value. A resource-based view of cross-unit synergy creates three conditions by which competitive advantage is sustained (Barney, 1991; Conner, 1991; Peteraf, 1993; Wernerfelt, 1984). First, the synergistic resource needs to have

value. This happens when these resources are relevant to key success factors of the business (Grant, 2005). They enable the firm to reduce threats to profitability and exploit opportunities available in the environment (Barney, 2007). In the end, these resources need to contribute to the firm's ability to meet customer needs and expectations at a fair price, better than the competition (Collins & Montgomery, 2005; Rose, 1990). Second, the resource needs to be in short supply. If the resource is widely available, the potential competitive advantage erodes (Grant, 2005). The best outcome for competitive advantage is that the resource is rare and valuable (Barney, 2007). Finally, synergistic resources must be difficult to imitate, in order to be a source of sustainable competitive advantage. This is enhanced if competitors have neither the financial capability nor time to obtain them (Grant, 2005; Barney, 2007). This situation may be enhanced through the existence of intellectual property protection, historical conditions, timing disadvantages, the inability of the competitor to assemble the needed resources, and the existence of socially complex phenomena that cannot be sufficiently influenced (Barney, 2007). To optimize growth synergy choices, firms need to balance the potential value with the associated coordination costs. This must be accomplished with a view towards complexity, consideration for the overall coordination capacity constraints, and an understanding of the opportunity itself so that it can be optimally applied horizontally as well as vertically. Furthermore, the application needs to be accomplished with consideration for the impact of synergy realization on specialization, which may result in a loss of competitive advantage. Organizational capability like managerial expertise, knowledge creation, and adaptation to offset limitations, also need to be taken into consideration (Capron, Dussuage, & Michell, 1998; Hill, Hitt, & Hoskisson, 1992; Nelson & Winter, 1982). All things considered, firms need to understand and optimize coordination costs that arise from managing complex interdependencies between business units (Zhou, 2011).

Diversification

Research by Mueller-Stewens and Knoll (2006) suggests that operative synergies are prioritized on corporate agendas. Unfortunately, they are typically explored through the lens of diversification and acquired through acquisition (Salter & Weinhold, 1978). Related diversification is described by the deliverables that come from operational units with similar characteristics (Barney, 2007; Rumelt, 1974). These common attributes define relatedness between business units. Most studies have looked at relatedness and commonality over the business value chain for determining opportunities for operative synergies (Rumelt, 1974; Zhou, 2011). Rumelt (1974), building on the work of Wrigley (1970), looks at relatedness by assessing MNE's through the lens of common skills, resources, markets, and purpose. Rumelt (1974) shows in his study how diversifiers that were related substantially outperformed diversifiers that were unrelated, thereby suggesting that operative synergies yield benefits that are greater than other types of cross-business unit synergies. Even so, all types of relatedness may not be synergistic (Davis & Thomas, 1993). For example, resources that were once related may become unrelated and even dis-synergistic over time. Relatedness attributes may vary over time and become neutral or even negative as they may be influenced by exogenous product or service life-cycles, or megatrends, which influence market life-cycles. As examples, market or technology shifting may influence synergistic relationships between business units in an MNE, making resource interdependencies irrelevant (Davis & Thomas, 1993; Markides & Williamson, 1994). Furthermore, relatedness may be an imperfect substitute for synergy. Direct estimates of synergy benefit provide unambiguous relevant data about growth opportunity in an organization (Davis & Thomas, 1993). Further to this, relatedness, as described by similarities in production-oriented functions, excludes potential relevant similarities and complementarities in other non-production functions. While often ignored, these may potentially influence growth synergies. These

include endogenous and exogenous contributors, including the exploitation of strategic assets that are not adequately covered in the literature as it relates to growth synergy realization.

Research has shown that there is an inverse U-shape to the curve that plots diversification against performance. When diversification is limited, it is not optimal and it limits the opportunity to put available resources to beneficial use (Lubatkin & Chatterjee, 1994). Also to be considered, as the level of diversification increases, there is a point of diminishing returns (Zhou, 2011). This is where an additional investment in organizational costs does not produce meaningful benefits. An example could be adding customers that do not contribute to profitability. From this point on, diversification destroys rather than produces value. Moderately diversified firms are not limited in this way, but rather create operative synergies from slack resources, thus, increasing their performance. Palich, Cardinal, and Mille (2000) confirm this relationship.

Diversification-performance literature suggests that corporate managers should focus on realizing operative synergies within the group of core related businesses (Amit & Livnat, 1988; Berry, 1974; Dubofsky & Varadarajan, 1987; Jacquemin & Berry, 1979; Michel & Shaked, 1984; Montgomery, 1982; Palepu, 1985; Reed & Luffman, 1986). As corporate leaders pursue related diversification, they should populate their portfolios with common strategic assets and complementary resource bases, such as customer knowledge, product knowledge, and managerial knowledge. Operative synergies should be considered with these resources over multiple points in the value chain. These points may be linked. Regular assessment by corporate leaders should establish the value provided by these linkages, review the rationale behind the portfolio structure, manage interdependencies that result in coordination costs, and monitor business for emerging linkages (Zhou, 2011). While the literature describes efficiency synergies, it does not provide much information on joint growth synergies across business units.

To explain further, similarities in the production function are not limited to relatedness as an attribute; authors have also started to look at the resources that support performance-enhancing diversification. Markides and Williamson (1994) argue that the similarity between valuable resources, like strategic assets, should be considered for the benefit of diversification. These related assets, which are imperfectly tradable, imperfectly substitutable, and imperfectly imitable, when shared between business units create a differentiation advantage in the market (Markides & Williamson, 1994). The authors list five asset types that contribute to differentiation advantage, including brand loyalty, distributor assets, loyalty and pipeline assets, distributor loyalty and pipeline stock, inputs to the process, technology and systems, and knowledge assets. MNE's can obtain operative synergies from strategic assets through asset utilization, new asset creation, asset fission, or exploiting assets from diverse businesses, keeping in mind that assets can be used in non-production aspects of a firm (Zhou, 2011). According to Davis and Thomas (1993), synergy patterns shift with life-cycles. This is illustrated in the figure below.

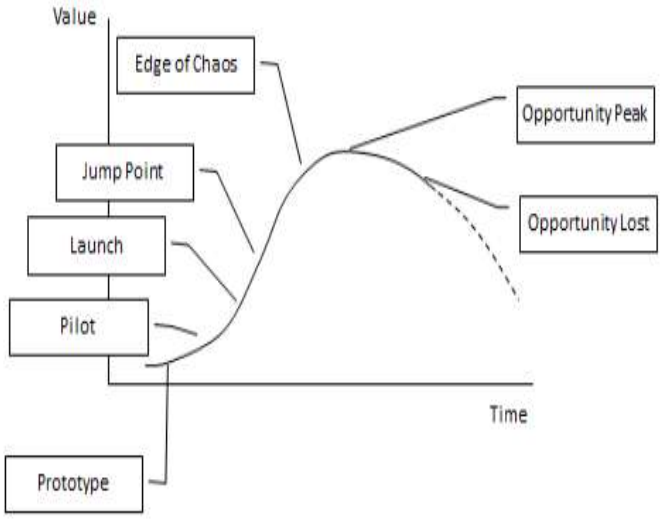

Figure 4. Life-cycle curve of a product or service. This figure illustrates the value of a line of business (LOB) over time while relating life stages to opportunity.

A typical life-cycle has several stages. Following the first successful orders, the volume capacity increases. Shortly thereafter, the ramp up passes an inflection point where the revenue expectations start to diminish. This is the "edge of chaos" because, if caught off guard, the firm starts to panic with the drop off in sales of a core revenue stream. At this point decisions are made that are critical to the life-cycle and which may include cost mitigations for optimizing the margin over the life cycle revenue opportunity. Shortly, the opportunity peak is experienced and now the firm has to understand the decline and make decisions to optimize the tail of the curve. The firm may be able to extend the tail by adding value to the product or service, repackaging it for another sector, or by bundling it with something else that has value. Once the opportunity is lost, it is wise to reallocate resources. Due to the nature of life-cycles, a related resource can become unrelated and even dis-synergistic over time as markets evolve, collide, split, and/or become extinct (Martin & Eisenhardt, 2001). Furthermore, operative synergistic relationships between businesses can change over time. Consequently, limiting synergistic discussions to resource synergy opportunities leads to less than optimal results.

Resources can be thought of as being complementary if the sum of their individual resource cost is less than their value when linked together (Milgrom & Roberts, 1995). Consequently, the benefit from resource interdependency is referred to as super-additive. Complementary resources are interdependent and mutually supportive but not identical. For example, Tanriverdi and Venkatraman (2005) explain that complementary knowledge resources could be exploited across businesses for influencing market expansion and influencing corporate performance. Others have come to the same conclusion (Farjoun, 1998; Larsson & Finkelstein, 1999); however, knowledge resources should not be considered to be purely dyadic between two entities, but may be triadic, or more realistically systemic (Marsden & Franklin, 1993) as described below.

Selective focus is important to the realization of synergistic growth, as it is aligned with the objective to achieve profitable results. Selective focus is achieved by allocating energy strategically to achieve the best results. Available resources can be better utilized through prioritization, plan, and purpose clarity. The effectiveness of these resources can be measured by looking at value creation. The ability to execute through selective focus is augmented by an appropriate strategic method, a scope that is optimized, and an organization that is directionally exploitable and scalable. The strategic method includes aspects that penetrate boundaries. These may include, as an example, a technology that could break through the walls of a siloed organization, thus, making available the revenue that was previously unrealized. Other techniques can be leveraged; for example, existing resource redeployment can achieve improved profitability as these resources are already capable to perform the synergistic task. Additionally, the benefits of a system can be leveraged to encourage a client to pay more, as the ability to track orders may be considered to be a value-add. The directional strategy relates to the MOS and its scalability. For example, the complete directional extension of a line in the MOS results in increased synergy exploitation opportunities. Similar skills and resources can be exploited to maximize profits. The structure can also scale and be leveraged across divisional lines. For example, a synergistic activity at the company can be exploited by another division without incurring proportional additional resource or infrastructure costs. Lastly, the scope needs to be optimized. Out-of-scope strategies drain energy with little return. A focused strategy must include a scope of work that is in alignment with market trends and which is locally available to exploit. Additionally, the part of the opportunity that is profitable should not be burdened with other aspects that are not. These opportunities should be monitored through metrics to ensure transparency and facilitate timely decision making. The guidance of an appropriate strategic method, in an optimized scope, leveraging the directional capability of an MOS will help to

ensure that only the most profitable opportunities are selected for focused attention. This relationship between the three key strategic themes on selective focus is illustrated in the figure below.

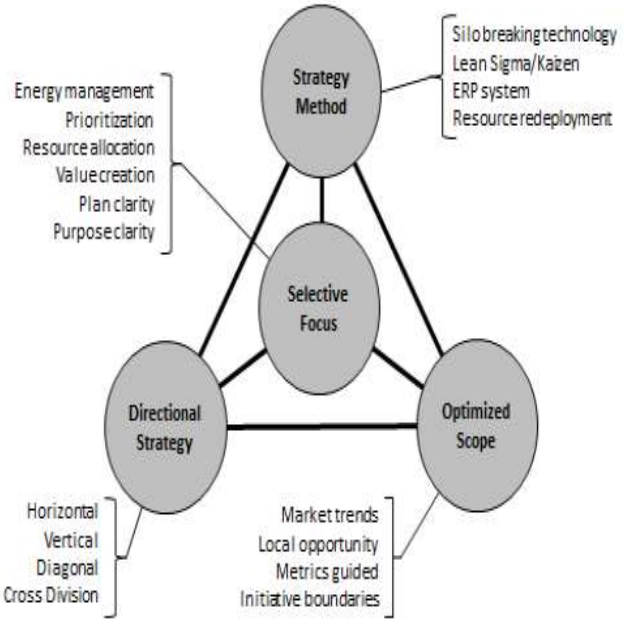

Figure 5. Strategic complementarity. This figure illustrates the dependent relationship between the strategy method, selective focus, directional strategy, and optimized scope, and includes examples of each.

The literature is limited in its discussion about the exploitation of resources in an MNE, especially with regard to primary enablers like culture and alignment, as examples. The purpose of strategy is to create focus that leads to desirable outcomes. The author suggests that this selective focus is enacted by linkages between the strategy method, directional strategies, and scope minimization. There are a variety of methods that can be used for fulfilling strategic goals. For example, directional strategy occurs in an MOS both horizontally across locations and vertically across product lines. The optimization of scope restricts the area of concern, thereby avoiding noise and overwhelming analysis. The recognition of strategic complementarity allows for selective focus for growth synergy realization.

The Network

The case company operates in an industry that is networked. Consequently, the center of innovation has shifted from the company to the network in which it operates revealing an external linkage to open innovation. The network flourishes when it exists in a state of deep collaboration, cross-pollination, and concurrent engineering. This network develops value-based solutions in parallel exceeding time to market requirements (Grossman, 2005). Additionally, growth synergies can be achieved through alumni relationships within the industry-wide network. This network is a lateral integrative mechanism (Persson, 2006). The exploitation of available market knowledge then becomes more critical than creating personal knowledge. Knowledge can be easily obtained from the network if it is not locally available. Organizational constructs must align with this environmental constraint and facilitate the exploitation of network-based knowledge resources (Drucker, 1992; Goold & Campbell, 2003). Collaborative knowledge workers are increasingly valuable due to their collective influence on profitability opportunities in a multidimensional firm (Bartlett & Ghoshal, 1993; Prahalad & Hamel, 1990), and especially in a firm with a structure that requires collaborative arrangements (Contractor & Ra, 2002; Inkpen, 1997). The case company desires that knowledge workers are attracted to their firm, as they see that it is an opportunity to increase their personal market potential within the industry network (Drucker, 1992; Florida, 2004; Rosen, 2004). Managing the chaos found in these networks is the current opportunity for competitive advantage in an MNE.

Methods:

Quality of the Research:

Creswell (2014) describes validity in qualitative research as being the determination of whether the findings are accurate from the standpoint of the author, the participant, and the readers of an account. In this case, language and meaning are the data. Creswell (2014), in parallel with Lincoln and Guba's (1985) approach, offers qualitative researchers eight possible strategies for checking the accuracy of findings; triangulation, member-

checking, rich descriptions, clarification of bias, the use of negative or discrepant information, prolonged time in the field, peer debriefing, and the use of an external auditor. The author selectively used these strategies to ensure data validity with a focus on triangulation, peer debriefing, and member checking.

Endogenous validity refers to the validity of established causal relationships (Yin, 1994; Lamnek, 1995) or internal logic of the research (Punch, 1998). This was achieved by establishing a clear thematic focus that guided the case selection, abstracting and comparing, conducting peer reviews of causal relationships, and by having an open and comprehensive explanation building. A thematic focus was evident in a clear definition of an overarching research theme (cross-unit synergies), a narrowing research focus (operative synergies), and a specific research question (the sustainable realization of growth synergies) along with a compatible case selection in which the constructs of interest could be discovered. Continuous abstracting and comparing (Strauss & Corbin, 1990, 1996) occurred as the author continuously compared data sets to build higher order constructs, preliminary results to emerging data to confirm or refine results, and observed causal patterns within the existing literature. This improved the validity of causal relations (Yin, 1994). Peer reviews of causal relationships were discussed with research colleagues for the purpose of capturing and testing additional perspectives based on experience in the field. Additionally, it enabled the validation of internal consistency and theoretical relevance of the author's arguments. The final technique for internal validity was through open and comprehensible building of explanations and causal relationships. The results were documented in such a way that the reader could reconstruct the causal relationship (Mayring, 1996). Openly, the author indicated initial ideas, deducted assumptions, and challenged potential inconsistencies.

Exogenous validity refers to the generalizability of research results critical for robust theory development (Sutton & Straw, 1995; Weick, 1995) and depends on the research approach (Yin, 1994). Single case study empirical findings are difficult to generalize. Yin (1994) emphasizes that case studies do not allow for statistical generalization. More specifically, it is difficult to make inferences about a population based on empirical data collected in a sample. While issues of generalizability from case studies is severe (Denzin, 1989; Yin, 1994), single-case studies are recognized to be substantial from an evolutionary perspective (Stake, 1995). Single case studies can also provide new ideas and new thinking paradigms. They can help modify existing theories by exposing gaps and helping to fill them. There are several facts about this study that support the author's conclusions that the findings and propositions will be at least somewhat generalizable. Several of the constructs can be confirmed as being present in existing literature, indicating general theoretical relevance of the research (Eisenhardt, 1989). The findings were confirmed through consultation with participants, who are operationally capable with varied experience in the industry, suggesting the potential transferability of the claims. Finally, the findings were somewhat generalizable due to the continuous comparison of similarities and differences within case items across different levels of analysis.

Reliability refers to the possibility that researchers can replicate the research activity and produce the same findings (Eisenhardt, 1989; Yin, 1994). A challenge for this replication is the attribute of qualitative research, in that it is bound to the context in which it is conducted (Lamnek, 1995), including time. Reliability in qualitative studies is best served by presenting sufficient information so that the reader can draw his/her own conclusions (Yin, 1994). The author attempted to ensure reliability through the explicit disclosure of the research design, including a detailed description of the research process, case selection criteria, interview guide, and methods for collecting and analyzing empirical data.

Data and Analysis

The purpose of this qualitative phenomenological research study, using Moustakas, (1994) modified van Kaam method, was to explore the real-time experiences of stakeholders, or co-researchers, as they lived and influenced events occurring around them. Awareness is a transient experience (Freeman, 2000) that may involve exerting influence, letting go, and redirecting energy and attention (Depraz, Varela, & Vermersch, 2003). It also involves being present physically and mentally in daily life. Stakeholders have to anticipate events, make sense of existing environments, and exert influence over future trends. Weick (1995) suggests that sense-making is a retrospective cognitive process that explains unanticipated events. He also suggests that events in a socially-created world both support and constrain action. Weick, Sutcliffe, and Obstfeld (2005) later suggest that individuals form both assumptions and conscious anticipations of future events. By examining sense-making and the development of mental models through actual lived, shared experiences, this study captures the subjective processes that have been largely ignored in the context of the connection between organizational design and growth in a multi-unit firm. Using the experience of stakeholders, the author presents a conceptualization of how individual participants in this study made sense of their lived experience. This was an ongoing process for participants as they refined their understanding of lived experiences and established new equilibriums.

Each section includes individual textual descriptions as well as composite descriptions concisely oriented and illustrated in a theme map structure. Moustakas (1994) suggested that the integration of textual and structural descriptions into a composite description, such as a relational table, is a path for understanding the essence of an experience. The composite description is an intuitive and reflective integrative description of the meanings and essences of a phenomenon, of which the entire group of individuals is making sense. The participants create meaning through their awareness of the environment, reflection on their experiences, consultation with others, focused response to an enquiry, and iterative refinement to these enquiries.

Coding:

Data collection was facilitated by an interview protocol with specific questions oriented in a sequenced schema. Participants were solicited as volunteers from a pool of leaders based on a willingness to share information about the transformation of the case company division. Each volunteer co-researcher participated in the changes personally. Following each question, the participants' response was determined to be linked to the question asked and was determined to be meaningful prior to continuing. An answer could trigger a clarifying question, or a question formed to solicit a more fulsome answer, if needed. The additional information modified the answer and once again was determined to be fulsome or not. The data was added then to the data sheet and coded. Sub-code themes were also determined and grouped by code and sub-code. The data was surveyed by the author, who, due to personal experience, was able to apply an analysis for good (ANOG). Slight modifications were made as needed to reduce the noise in the data and ensure completeness and clarity. This was accomplished by consolidating like data points and simplifying others by stripping out noise and redundancy in the answers. The data was then re-sorted and generalized through categorizing. A pivot-table was used to extract themes in the wording. The curated raw data was then posted in a table. In some cases most of the themes were unique, in which case a table was not used. From this data, dependencies, relationship, and the sequence of events were determined and organized into a theme relationship map. In some cases the data collected appeared as though the participant was confused about the question. In these cases the Author followed up with the participant and then added the newly acquired information to the raw data previously collected.

The raw data was collected from each participant for each data domain and sub-domain in the sequence in which it is presented in this chapter to promote a progression of thought. The data is separated into exogenous and endogenous domains as well with selected focus in both areas. In some cases, like roles, the participants offered information on themselves while commenting on data provided by their peers. Patterns that emerged in the data are presented as textural responses (what happened), structural responses (how did it happen), or composite descriptions (what the group experienced). Data responses that occurred most frequently within the theme category were given more significance and were typically mentioned first. Data was interpreted into theme patterns. These were broken into themes and then concisely into propositions, or findings of the study. Data items that referred to individuals, functions, line of business, locations, systems, or company names were obfuscated, eliminated, or given a pseudonym. The propositions, or findings, were formed and listed numerically. Within each proposition, a two-word summary was formed along with a statement that sums up the finding. For example, a central theme, norm strategy, or trigger may have emerged from the data as a result of coding. This data could then be categorized or filtered through the constructs being discussed that may include the strategic frame, horizontal strategies, or a narrowed scope as examples. This was the beginning of the theme map, or the outermost layer. The layers could then be elaborated on by breaking the outermost layer into sub-layers until it was reasonable to stop. This theme map was created to better describe the themes in the data and to show relationships and sequences between unique data items. Now on to the findings in the study.

Findings:

Addressable Market:

In order to realize synergistic growth at the company, a strategy for acquiring the addressable market had to be formed. The strategic plan included (a) robust elements that were of a high quality and were reliable, (b) penetrators to break through the wall that excluded the company from accessing the neighboring spend, (c) an execution plan that includes existing market preservation and strategic-sequenced tasks to capture the addressable market, and (d) the ability to monitor the results of strategic actions taken. The summation of the opportunities, or the expansion of the size of the V1 area in the figure below, is the addressable market. Each expansion represents revenue growth. As this growth is within existing LOB's, the synergy component is high, as existing methods, infrastructure, and talent can be leveraged.

While these use-cases demonstrate some of the ways that an MOS can scale, there are many ways that an MOS can grow resulting in enhanced synergistic profitability. New opportunities can be quickly exploited, as skills and trained resources are made available to achieve the revenue. Very little effort would be associated with building a solution, as it already exists. As product life-cycles come and go in a dynamic market, a profitable company needs to have a flexible strategy and be agile enough to realize the positive impact of the appropriate actions. Nimbleness is an organizational attribute of the MOS because it can respond quickly to an opportunity. Clients have indicated that:

The company is a leader and far ahead of the curve... [in] attention to detail, customer service and [meeting] client needs is unmatched. We look forward to a growth business and always look for opportunities to accelerate the work. Thanks for all the efforts. (CS48)

LOB Wheel:

A similar wheel design can be used to look at each LOB as illustrated in the figure below. In a similar way, the LOB is tracked back through the clients that use this particular line of business. Each client division has a spend that includes a number of products. The product spend is allocated to vendors. Here, then, the addressable market can be determined and a strategy formed to acquire the addressable market. These opportunities can be listed in a CRM and be applied to the typical sales funnel, or sales pipe-line, for closure via the acquisition strategy

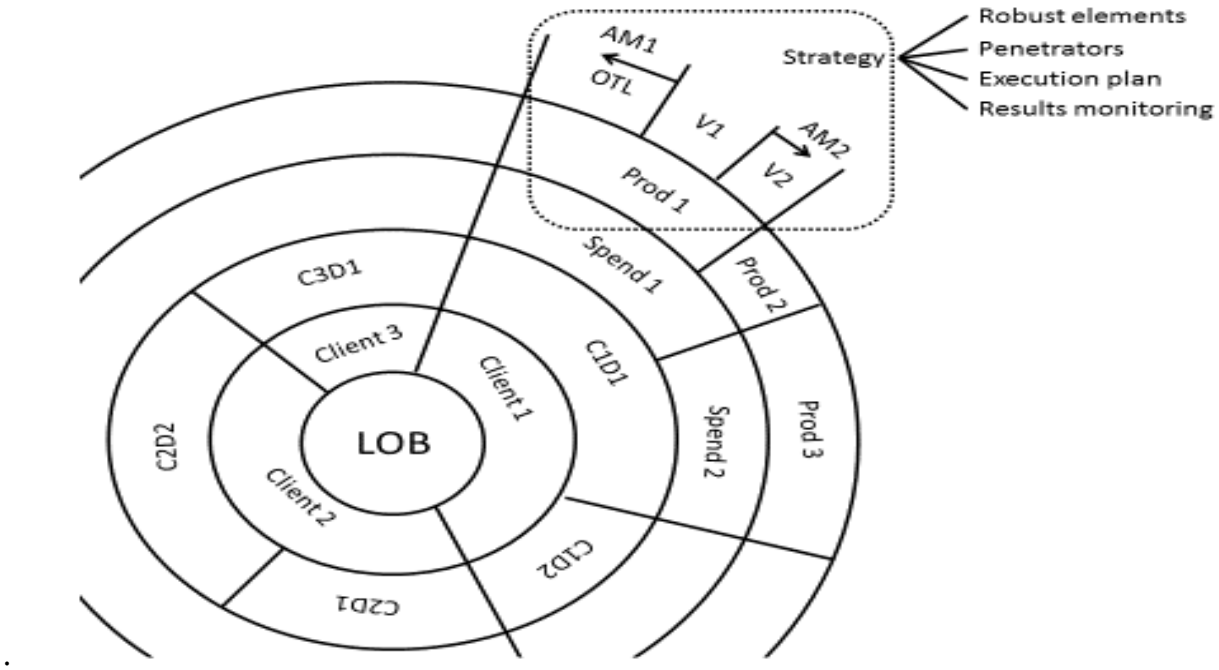

Figure 6. LOB wheel. This figure maps LOB as a theme category into descriptive sub-groupings in a wheel diagram. Note. AM1 and AM2 refer to the addressable markets in this figure and C#D# refers to a client number and division number.

Sector Wheel

Further expansion into neighboring sectors presents opportunities for synergistic revenue realization. A similar tool can be used to assess the addressable market in neighboring sectors as illustrated below in the figure below. In that case the sector analysis backtracks to the addressable market synergistic opportunity as an elemental unit of the addressable market. These opportunities then assigned a strategic plan and applied to the sales pipe-line for closure.

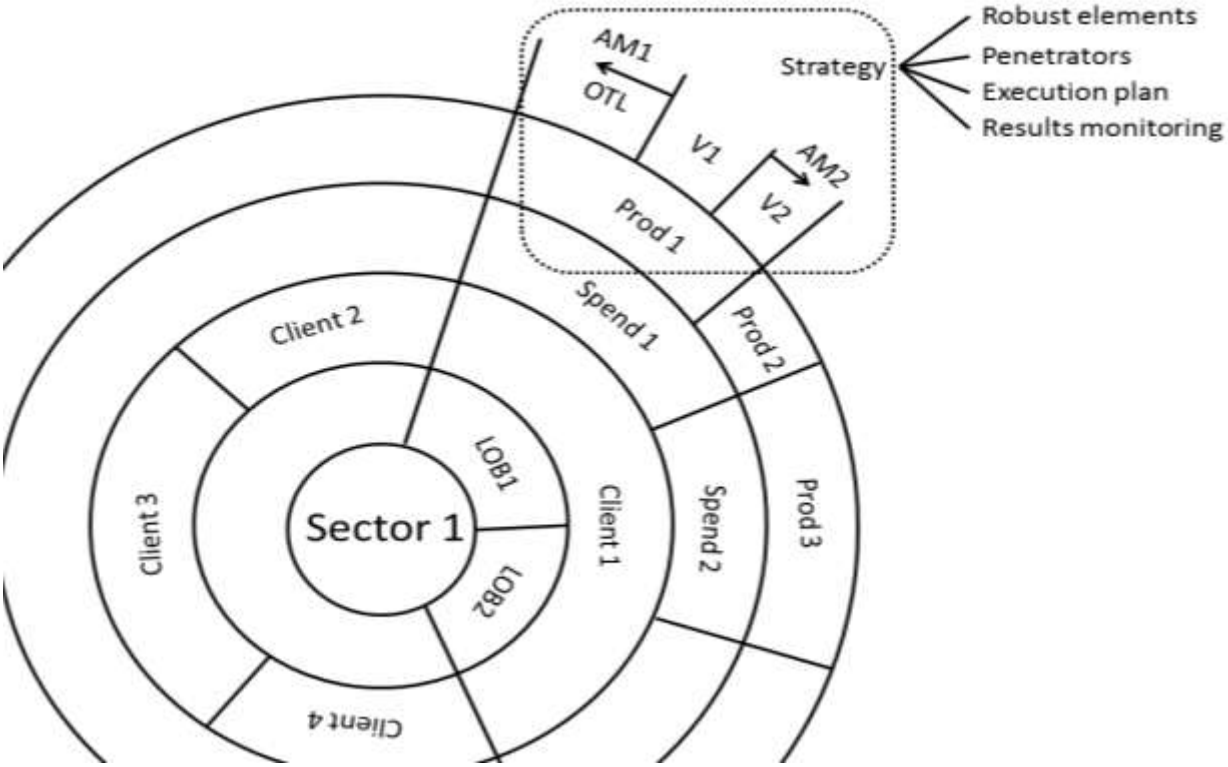

Figure 7. Sector wheel. This figure maps sectors as a theme category into descriptive sub-groupings through the use of a wheel diagram.

In summary, the data suggests that growth can be approached in a number of ways. Ultimately, the result of client-company interaction is a better understanding of the addressable market and how to approach it. Once the details are known, a robust strategy is needed to exploit the opportunities. Typically, the spend of a client is allocated to multiple vendors so that the client is assured that all of their eggs are not in one basket. This, in and of itself, makes it difficult to exploit a spend that is going to an in-house facility or a competitor; however, given a compelling argument and the right tactics, it could be possible to absorb a larger market share within an LOB. The following propositions summarize the key findings of this section:

Proposition 1 (profitable nimbleness): The nimbleness of an MOS enhances the ability of an MNE to exploit an optimal proportion of the product or service life-cycle.

Proposition 2 (exploiting spends): Proactively, an MNE can map out the addressable market and construct a multi-pronged tactical strategy to exploit potential unrealized client spends.

Proposition 3 (expansion strategy): The elements of a successful expansion strategy include a track record of reliability, the ability to penetrate barriers to entry, an effective execution plan, and the ability to monitor results.

Products and Services

Accountability for workflow and efficiency channels is enabled by creating clarity around the ownership of product and service categories. The MOS leaders were aligned, rather than competitive, within their product categories and in their sales channels. Internal competition was an unnecessary method by which clients could consume company margins. In the case of sales channels, this clarity retarded encroachment, discouraged cannibalization, and enabled accountability for performance through sales force effectiveness (SFE) based measurements. In the case of operative channels, this allowed for alignment between cost (where it was incurred) and revenue (where it was being recognized). A total number of 28 product categories were identified including 87 unique products that represented the company's portfolio. These were categorized by MOS leaders into three product sectors. An MOS horizontal leader was assigned to each sector with accountability for the sector profitability. Any of these products, or their associated workflows, could be exploited in any adjacent sector. In some cases work in one sector was dependent on work in another sector. Revenue for adjacent sector work was attributed to the horizontal leader that owned the workflow exploited by that sector. Furthermore, scalability was supported as new products and services added to the portfolio were allocated to categories in which they had the most synergistic attributes regarding skills, workflow steps, infrastructure, and other relevant factors. With the product-service category clarification and accountability, accurate metrics could be leveraged for discovery. Additionally, the impact of focused actions could be quantified in the now accurate financial models. The following propositions summarize the key findings of this section:

Proposition 4 (cross-sector): Entrepreneurial leadership that owns a product workflow can be incentivized to pursue cross-sector opportunities.

Proposition 5 (portfolio assignment): An assigned portfolio enhances accountability for profitability results and focuses growth synergies that are constructive.

Synergistic Experience:

This section discusses MOS leader change management experiences that went well and that did not go well during the precipitating event. Consulting past experience is a way to find meaning and to develop a plan of action. Change agents shared and reflected on change practices that helped them to be successful during change activities. The 140 data line items were bifurcated between positive aspects of the activity that enhanced the ability to achieve desirable outcomes and negative aspects of the activity that created inertia or compromised the achievement of

desirable outcomes. There were 94 data line items that were positive descriptions and 54 that were negative as per the tables below. In each case, the raw data was broken into eight themes. These were then quantified into frequency of occurrence as indicated. The positive and negative aspects of synergistic change management are now discussed individually.

Table 1 Positive Change Management Themes

Themes	Count
Planning	32
Communication	17
Behavior	12
Inspiration	10
Cohesion	7
Execution	7
Capability	6
Relationships	3
Total	94

Positive Synergistic Experiences. The situations where change management was executed effectively, based on feedback from the MOS leaders who had experiences with change management activities over the precipitating event, resulted in desirable outcomes that were achieved on time. Thematic aspects of how these activities were managed could be categorized as predictive,

"Involving lower and mid-level management in the planning [as] they can have valuable inputs." (S23)

Proactive,

> Bringing … groups … together and the associated move to [location] worked because it was handled quickly and openly; once it was time to announce it to the staff… we pulled everyone into conference rooms and laid out the plan… it got all the employees 'on board' quickly and then everyone was invested and took a piece of the effort to help. (S27)

and reactive.

> …being the owner of [functional areas] made things simpler… since I had a hand in every piece of the puzzle, I had the ability to make tweaks and changes where changes were needed and there were no toes in the way to step on… in the end, once we knew it worked, the hand off to [name] team was painless. (S89)

Social and tactical theme categories also emerged from the data. It was beneficial for MOS leaders to share and discuss these experiences, so that all of the leaders could benefit from each other's change leadership experiences. Again, the frequency of occurrence of themes does not necessarily imply weighting. Each theme was individually mapped and will be discussed.

Planning. Not surprisingly, the most frequently occurring driver of change success was planning. Within this proactive code section, a number of comments came up that were interesting as represented in the figure below. The MOS leaders indicated that significant attention needed to be given to planning, including critical aspects such as rigor, requirements, constructs, involvement, inputs, and buffering. The data suggested that there should be broad involvement to get buy-in; however, it should be understood up front that not everyone is going to get on board. Additionally, the execution team should be small for quick decision making. The team may be allocated by category or by sector. The opportunity discovery process is critical for the development of a fulsome plan. MOS leaders indicated that discovery should be focused, quick, and thoughtful. All the relevant information should be gathered, including service level agreements (SLA's), specifications, and contractual agreements. The planning activity should include the units involved but also consider external dependencies. Attention should be given to make the plan easy to execute with a detailed timeline for the transition. The plan should include exploiting redundancies, working with a centralized service model, not reinventing processes that already work, not creating new silos,

and making sure that infrastructure continuously needs to be aligned with workflows when they are moved. Co-researchers indicated that a phased rollout is easier for participants to absorb; however, the workflows must be capable to create deliverables within the specifications prior to a significant migration of work. The strategic framework must be robust and not be subject to prioritization based on emotional judgments or noise. The integration plan should be budgeted such that the P&L's are not damaged during the transition. This does not otherwise incentivize stakeholders to make the change. Capacity must be considered also, through the allocation of accountability to make sure local capacity, or outsourced capacity, is available. The plan must optimally preserve the quality of life (QoL) of the participants, while maintaining business continuity for clients. There must also be provision for adequate training, including skills needed for new workflows.

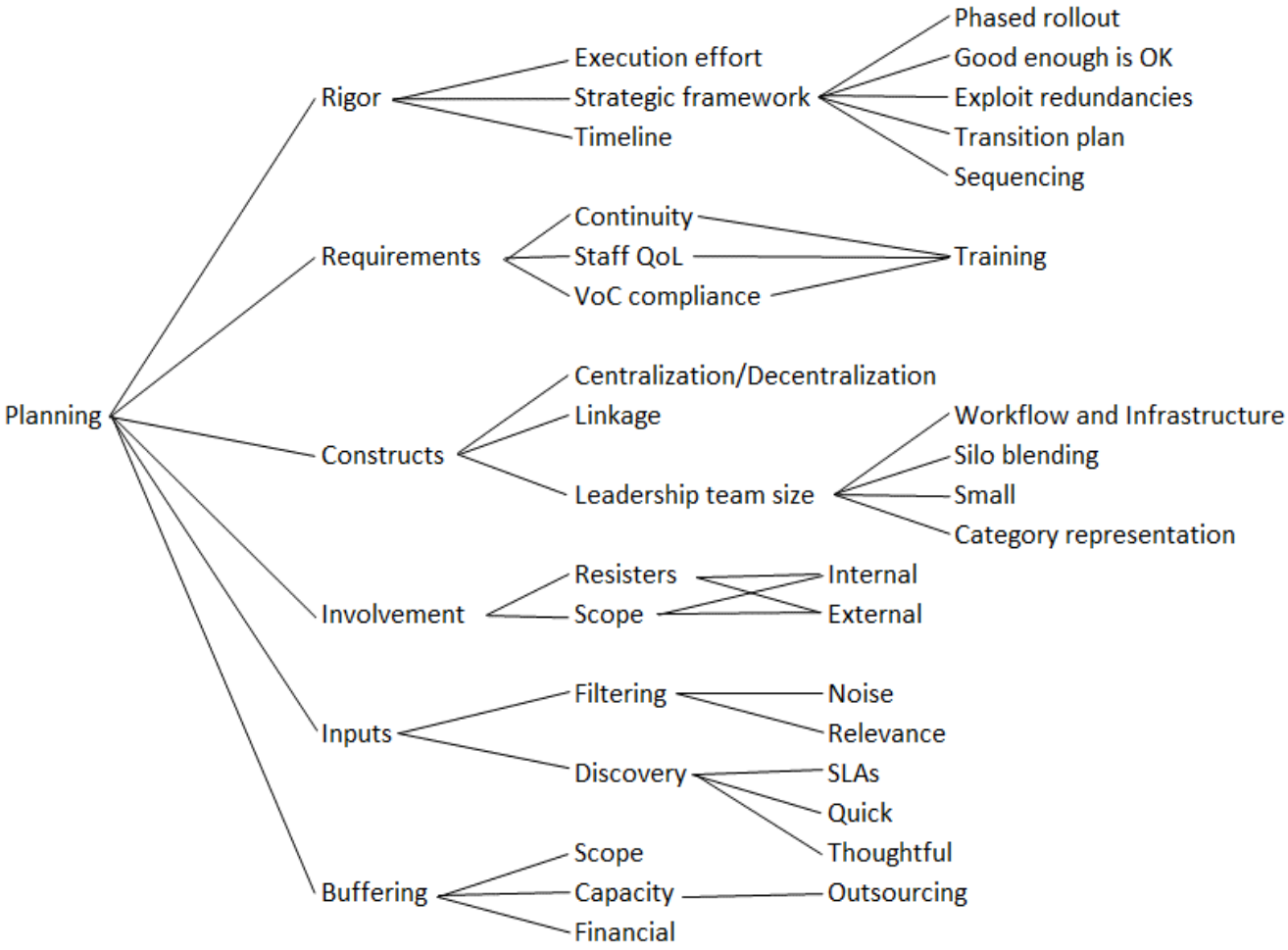

Figure 8. Positive change: planning theme map. This figure maps planning as a theme category into descriptive sub-groupings.

In summary, the data suggests that planning is critical to change management. Solving the problems before they occur takes the stress out of the change process. There is a high return on investment (ROI) on the energy and time used in planning. Planning is best done when requirements are understood. This could be the vision state. There will be those who resist always and a strategy needs to be in place to deal with this. The scope needs to be optimized so that project leaders do not "bite off more than they can chew." Some buffering is needed. Typically this is not considered and results are worse than anticipated. The change would have happened more smoothly if there was provision for a buffer. The following propositions summarize the key findings of this section:

Proposition 6 (planning rigor): Rigor during the planning phase of a project, which includes exploiting existing capabilities and a sequenced

rollout, will likely reduce the effort and time needed to execute the plan.

Proposition 7 (transitional capacity): The provision of transitional capacity and cost allowance within a defined project scope can accelerate results achievement and mitigate change fatigue.

Proposition 8 (transitional organization): A holistic vision of the detailed organizational design built for achieving requirements encourages a focused transition.

Collaboration in an MOS:

This section exposes data regarding the aspects of collaboration needed to make an MOS successful. The table below indicates that there are challenges when it comes to collaboration and there are success drivers depending on how the transformation is executed. Change leaders were asked about what went well and what did not go well, with regard to collaboration, during the transformation that contributed to the realization of growth synergies. A variety of information emerged from the data. The ability to forecast and provide revenue performance went well. The remapping of products and services into production and sales channels helped to remove ambiguity about accountability and the ownership of tasks. The MOS strategy was perceived as a good strategy for growth and collaboration. The leaders were able to merge action trackers, aiding transparency and enhancing the execution pace. The organization was more nimble such that it could adapt to industry trends. The support for production needs was enhanced through collaboration. Sales opportunities became apparent and a unified pricing strategy could be deployed. Cost mitigation strategies were coordinated and benefitted from shared information, early adopters, and knowledge transfer. What was successful in one area could be exploited in another, maximizing impact, and saving deployment time. Collaboration enabled the sharing of capacity, tools, and checklists. Metrics reporting took on a similar look as dashboards were assembled to measure and track performance trends. Standardization energized collaborative activities and became a platform for evolutionary change. Standards were created and deployed collaboratively for reliability performance. Consequently, the effort needed for change management was optimized through collaboration.

There were several areas where collaboration was challenging according to the data. Operational leaders felt that they could have been better supported from finance for business modelling and for financial performance awareness. The effort around the creation of the new year's strategies was challenging and the time given to document the plan was short. Sharing talent between businesses was difficult for a variety of reasons, including an inability to shift work, load balance, and unwillingness to physically move if required. Cultural differences were significant. Talent development was a challenge due to a lack of training resources. The global purchasing initiative, for example, was difficult to get approved through finance due to capacity constraints in finance and local relationships. Maturing the position of account coordination was a significant transformation and required a significant effort to complete. Leveraging the resources or the facility at other sites was challenging as they were entrenched in their routines and work pace. It was determined that it would be easier to move the work than to move the people; however, there were nuances regarding client expectations at each location that had to be achieved. Cost mitigation again was difficult due to support function approval procedures. Exploiting synergies for cost improvement was challenging due to an unwillingness of the process owners to release control of redundant workflows. Cross-training helped with the scalability of functions, but with the operations being lean, the ability to allocate capacity to cross-train was challenging. Sales strategies were determined external to the influence of the operation that would execute the workflows leading to margin deterioration as billable items were overlooked. Communication strategies were difficult to determine due to the structure and the rate of change. Untimely access

to P&L's made it difficult to see the financial impact of actions. Pro-forma P&L's were used to predict outcomes; however, these had an accuracy tolerance that led to ambiguity about results. Equipment sharing was challenged as it had not been inventoried or located, and its condition was not known. The ability to get key leaders together was difficult due to workloads in a lean staffing environment. Co-researchers also indicated that forecast information from clients was not reliable or even available and so difficulties with staffing and capacity planning were enhanced. Costs allocated to business units were ambiguous leading to incorrect inference about performance remedies. Leaders did not have the ability to know if assets could be purged, making way for other assets coming in, due to a lack of knowledge transfer about existing or new projects. This resulted in a need for additional storage, creating a bottleneck. When collaboration is compromised, change inertia is enhanced, thereby increasing the effort needed to achieve desirable outcomes.

Table 2 Collaboration Comments

	Co-researcher 1	**Co-researcher 2**	**Co-researcher 3**	**Co-researcher 4**
	Flashes	Production support	Operations off-load	When we standardize it works easier
	Revenue forecasting	Pricing strategy	Tools	
	Product remapping	Sales opportunities	Checklists	Security standards are good
Going well	Structure strategy	Cost mitigation	Knowledge sharing	
	Merging trackers	Information sharing	Capturing metrics	
	Industry trends and changes			
	Better support out of finance	Resource sharing	Non-operations areas (finance)	Forecasting information
	Coordination of 2015 strategies	Facility utilization	Training	Concern with P&L costs
	Global purchasing	Cost mitigation	Sales strategies	Purging effort
Not going as it could	Talent sharing and development	Improvement synergies	Summit	Communication on upcoming projects
	Customer coordination with account coordinator WW	Cross training	Visual communications P&L's	
			Equipment sharing	

In summary, the data suggests that collaboration is critical to change management efficiency. Change leader behavior is typically at the core of this inertia. The change leader often is ignorant to their contribution to the imminent failure. With a better understanding of how collaboration influences social dynamics, a change leader can alter tactics and achieve better business outcomes. The following propositions summarize the key findings of this section:

Proposition 9 (mature d

uplication): Isolated actions do not benefit from super-additives gained from exploiting matured initiatives through duplication.

Proposition 10 (advanced start): When existing knowledge is aggregated and made available, it can be used as an advanced starting point, or platform, for new discoveries.

Proposition 11 (fluid sharing): Fluid resource sharing without boundaries attracts the right resources quickly to issues whose resolution contributes to profitability potential.

Conclusion:

The intent of this paper was to show that an MNE can realize growth through open innovation in spite of its size and the opportunity for conflict from self-interest. In this article, the author added to theory regarding open innovation by discussing how a case MNE was able to add to their innovation effectiveness and be agile in light of market demands. The propositions that emerged from this case added to theory as they described the world that the case company experienced (Jensen, 1994). And so, the author added to theory by establishing propositions for growth through open innovation throughout a federated organizational design that emerged during the study.

The findings established that the addressable market presents opportunities as the synergy aspect in an MNE is high, because existing methods, infrastructure, and talent can be leveraged to contribute to profitability. Furthermore, an MOS can grow resulting in enhanced synergistic profitability by leveraging both LOB and sector based relatedness. This produced three propositions that described how an MOS can achieve profitable nimbleness, can exploit related and adjacent spends, can expand strategically by penetrating barriers competitively. To facilitate this growth propositions regarding products and services recommended that products have cross-sector capability and that accountability for the portfolio comes when it is assigned correctly. MNE's need to migrate to these positions through effective change management. Propositions suggested how to get this done by recommending that to achieve a high ROI on efforts, the company would need to have planning rigor, transitional capacity, and a transitional organization. Lastly, collaboration within the federated structure of an MNE, is critical to achieving open innovation goals. Leadership attributes not only encourage the flow of profitable opportunities but also enabled the connectedness between centralized support, through the BUs to the network, all of which benefits from open innovation. The propositions that emerged from the data recommended that only mature solutions be duplicated, knowledge is essential to innovation launch, and having the right resources at the right time it critical.

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