

A Holistic View of Entrepreneurship in Practice in a Multinational Enterprise

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ABSTRACT

Entrepreneurism in practice is pervasive in a multinational organization that wishes to survive in a dynamic market. Interplay between functional areas, product management, operations management and client management allow for collaborative behavioral dimensions to emerge. Given a global supply chain, how does a collaborative entrepreneurial endeavor span time and space to locate and exploit opportunities at optimal cost while meeting client expectations? To answer this question and provide a more ontological view of entrepreneurship in practice in a multinational organizational structure, the author showsthrough a case study that an MNE can realize growth and be agile in spite of its size. In fact, its size is an asset if the actions are coordinated and guided. The author adds to theory by establishing propositions for growth by leveraging synergies, relatedness and collaboration that enables a federated organizational design penetrate desirable markets.

Keywords: Collaborative entrepreneurship, Market penetration, Exploitative synergies, Diversification, Operational synergies, Corporate advantage.

INTRODUCTION

William Norris, the founder of Control Data Corporation (CDC), posits that social needs create business opportunities (Eckstein, 2007). CDC had a payroll of 16,000 employees and revenue of \$2.93 billion before it shut down in 1992 (Encyclopedia.com). Norris was able to build a very large enterprise meeting the social needs of people. If his statement about entrepreneurship is true, then social entrepreneurship abounds almost everywhere that there is business. Entrepreneurship is pervasive reaching within and reaching externally to the environment in which it wants to succeed. Generally, if the business does not meet a need the business will not exist.

The author will take an enterprise perspective to entrepreneurship as practice (EAP). In this article, the author will showcase an enterprise with a global supply chain and multiple product lines as a case study with the aim of advancing the study of human and behavioral dimensions of entrepreneurship in a synergistic multinational organization. This specific complex setting will be used to focus on how actions can be coordinated to achieve performance expectations (Nicolini, 2012; Orlikowski, 2002). A scaffolded approach to organizational entrepreneurship, that guides and

monitors performance, allows an MNE to capture an understanding of unmet needs that lead to the emergence of products or services, their availability and reproduction, and the intended effect on consumer social practices (Schatzki, 2002; 2012).

An enterprise is a culturally shaped achievement with patterns of behavior and routinized ways designed and implemented by entrepreneurs (Steyaert, 2007). This paper does not focus on the person, but rather on the way that innovation is organized in a federated system of profit and loss (P&L) entities. Furthermore, entrepreneurship in practice is not limited to product and service design. It is also subject to a myriad of domains all of which influence the performance of an organization. Regardless of the innovation, entrepreneurial practices are deployable and reproducible across the network that is a multinational corporation. Optimally, the benefit of the entrepreneurial initiative should be felt in all applicable locations of the organization.

A case study is a specific setting and a relevant method to uncover data that otherwise would be overlooked or assumed. The systemic emphasis exposes insights about the relatedness of

actions, products and practices across the production system that is a global supply chain. Each co-researcher, or participant, in this case study say themselves as an entrepreneur. They functioned within an organizational context known as a multidimensional organizational system (MOS) that related support, client, product and location to opportunities for synergistic growth. This structure epitomizes the way a multinational corporation functions. Lateral integrative mechanisms linked the participants and provided a collective support function so that the entrepreneurial capability of each person could be mobilized and focused on profitable growth (Johannisson, 2011). The organizational design was able to collect opportunities 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 article is structured in such a way as to show that an MNE can realize entrepreneurial growth in spite of its size. In this article, the author adds to theory by discussing the view in literature that relates to synergies. Product diversification and relatedness are critical scaffolding for entrepreneurial efforts. The objective is both profitability and sustained advantage, which are discussed next. This is followed by a discussion of the methods used to collect and analyze the data. This is followed by the findings from the study. Finally, the conclusion provides a summary of the study. The author intends to add to theory by establishing propositions for growth through a holistic and scaffolded approach to innovation and entrepreneurship throughout a federated organizational design.

LITERATURE REVIEW

Growth Synergies

The exploitation of growth synergies through collaborative and coordinated entrepreneurial effort 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, or

commonalities, 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 process or product 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, scholars 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, routinized activity, and coordinated actions across businesses that exhibit relatedness (Martin & Eisenhardt, 2001).

Market Synergies

Conglomerate power, also known as market power synergies, are profitability-based advantages of MNEs that are exploited by leveraging relatedness across businesses and market power resources (Dutta, Dutta, & Das, 2011; Martin & Eisenhardt, 2001). Market power resources include all sources the firm uses for reducing competition and increasing prices. This synergy is achieved by several means, including mutual forbearance, complementary products, reciprocal buying and selling, bundling, and predatory pricing (Bernheim & Whinston, 1990; Grant, 1998; Karnani & Wernerfelt, 1985). Predatory pricing is when a firm drives competitors out of the market by selling at below market rates and conceding profits in one or more business for enabling another business to gain revenue or market share. Short term losses for long term gain are deemed tolerable. It may also deter new

competitors from entering the market. Bundling is selling the products together to extend the monopoly power of one business into another related business. Bundling may also be considered as a form of predatory pricing. Reciprocal buying and selling happens when a potential customer is a supplier to another business. The firm establishes an advantageous buying and selling relationship to gain revenue in a supply chain. Mutual forbearance and collusion are similar. This beneficial economic situation occurs when MNEs keep prices high through regular contact with multi-market competitors. For example, a product may be ceded to a competitor with the understanding that a concession is made for another product. Or, a predatory pricing scenario for a product may be enacted by a market leader in a competitor's market when the leader encourages a competitor to retreat from a market they recently penetrated that is dominated by the leader. Multi-unit businesses with substantial market share are at an advantage, as single-unit firms are not able to exploit these opportunities for corporate advantage. Market power synergies can contribute to corporate advantage; however, anti-trust laws and other factors may restrict opportunity exploitation (Devos, Kadapakkam & Krishnamurthy, 2009). Even so, pricing strategies are innovative and require an entrepreneurial mindset in a complex environment.

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 (Capron, 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.

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 MNEs 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; scholars 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. MNEs 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.

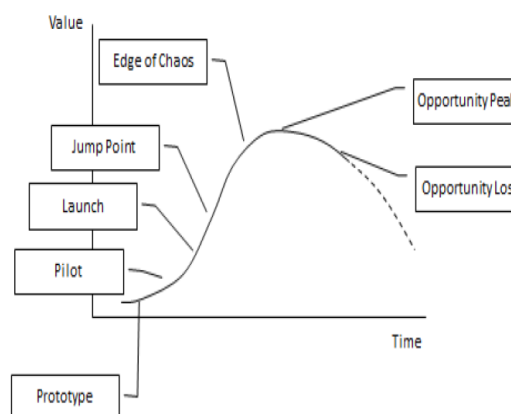


Figure 1 Life-cycle curve of a product or service. This figure illustrates the value of a line of business (LOB) over time while relating life stages to opportunity.

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.

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 scholar 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.

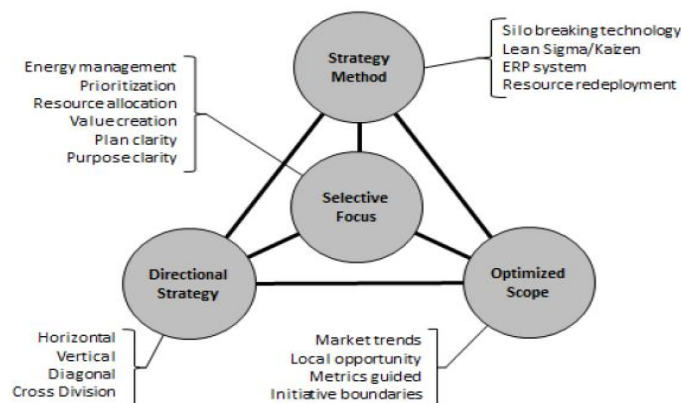


Figure 2 Strategic complementarity. This figure illustrates the dependent relationship between the strategy method, selective focus, directional strategy, and optimized scope, and includes examples of each.

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 research and development (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).

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.

Sustained Growth

Corporate initiatives are dedicated to growth synergy opportunities; however, the sustainable realization of growth synergies has received little attention in literature, despite often being identified as a goal for managers (Amit & Livnat, 1988; Bettis, 1981; Eisenhardt&Galunic, 2000; Martin, 2002; Palich et al., 2000; Ramanujam & Varadarajan, 1989), thereby ultimately leading to unrealized value (Goold& Campbell, 1998). Specifically, research on diversification concerned with operative synergies explores the strategic rationale of related diversification (Davis & Thomas, 1993; Tanriverdi & Venkatraman, 2005), but does not reveal anything about realization. It assumes that cross-business synergies are observed in organizational constructs and that they are easily realizable when in fact they are complex and difficult to achieve. With the exception of Martin (2002), research is too empirically immature to provide adequate insight into growth synergy realization from resource combination, or the unique and timely combination of the elements of the synergies previously discussed.

Synergy realization costs include both direct and indirect costs. Direct costs could include the cost of coordination and control, while indirect costs may relate to the need for a compromise or an adaptation (Campbell &Goold, 2000). Coordination costs may be visible in costs associated with collaborative linkages between business units (Porter, 1985). This could include management time, the cost of a designated liaison, the cost of an embedded team, the cost of integrating sales forces, human resource related costs, marketing costs, moving costs, culture assimilation costs, costs of standardization, the cost of outsourcing, or costs associated with the installation and maintenance of enterprise resource planning (ERP) systems (Loomer&Harington, 2003; Zhou, 2011). Business level managers may spend a significant amount of their disposable time meeting and negotiating with other business managers for coordinating activities, problem-solving, and making decisions. Resources for exploiting opportunities may not be easy to share due to specialization, for example (Teece, 1980). Corporate costs may increase for the same reasons if escalation is needed (Hill, Hitt, &Hoskisson, 1992; Michel &Hambrick, 1992). Furthermore, corporate-level behavior may be unproductive due to self-interest. For example, disruptive technologies that self-cannibalize, or inequitable intercompany pricing, may be deliberate in the business in order to prop up a favored unit or help penetrate a new market. Corporate managers may not be capable of resolving conflict as they are not fully aware of the situation and do not have the needed operational skills for understanding the impact of a decision. They typically do not have to deal with collateral damage wherever it may occur. This may lead to less than optimal decisions, frustrating and alienating business unit managers (Goold& Campbell, 1998; Goold&Luchs, 1993; Michel & Hambrick, 1992; Vancil, 1980). Business unit managers may also be frustrated by imposed decisions and the requirement to resource share (Beer, 1964; Fleishman & Harris, 1962; Gupta &Govindarajan, 1986; Tannenbaum, 1962,) or redeploy (Capron, 1999). This overall organizational inertia introduces waste that results in additional cost and smaller profits.

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 the shadedbox 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 by an entrepreneur.

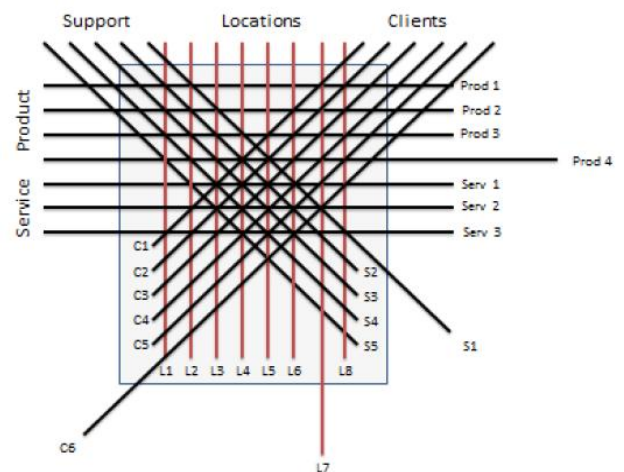


Figure 3. MOS scalability. This figure shows how the MOS lines can scale depending on the need and the dimension.

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 enterprise resource planning system (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.

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.

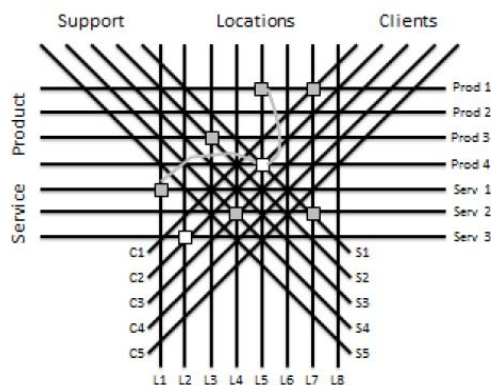


Figure 4. Growth synergy opportunities prioritized at the nodes. This figure illustrates the relatedness of opportunities and the capability of the model to be used for prioritization.

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, Dussauge, & 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).

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 from 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

entrepreneurial energy of the firm had to be focused on a strategy for growth and performance over a broad context. The entrepreneurial patterns of behavior had to be synchronized to align with opportunities and goals. The strategic plan included; robust elements that were of a high quality and were reliable, penetrators to break through the wall that excluded the company from accessing the neighboring spend, an execution plan that includes existing market preservation and strategic-sequenced tasks to capture the addressable market, and the ability to monitor the results of strategic actions taken. The summation of the opportunities is the addressable market. Each expansion represents revenue growth. As this growth is within existing LOBs, the synergy component is high, as existing methods, infrastructure, and talent can be leveraged.

Growth

While these strategic elements 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)

Market Penetration

A critical element to the growth opportunities in existing markets and new markets in neighboring sectors was penetration strategies. An entrepreneurial business that is interested in leveraging synergies to grow profitability must understand the dynamic nature of the market so that a suitable strategic posture can be taken. This strategy could be driven by tactical and deliberate action, or another exogenous force. This section discusses these forces. Penetrators

are illustrated in the figure below. For example, new products may be introduced as a result of technical innovation that can be applied to them. These products may be products in the client portfolio that, heretofore, have not been in the vendor's portfolio to service. The introduction of technology enables growth through synergy. Another example of a penetrator could be the bundling of services that include a series of products that are already in the client's portfolio. The bundle deal leverages the vendor's supply chain, speeds up order dwell time, and presents an opportunity for increased volume and profitability for the vendor.

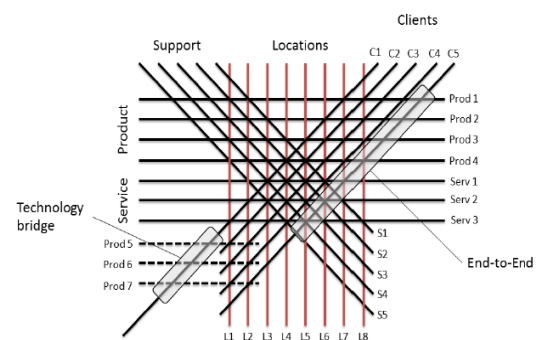


Figure 5. Market silo penetration in the MOS. This figure illustrates how penetrators can map over the MOS structure.

The MOS leaders were able to collect a number of strategies to penetrate these markets. From the data, six patterns emerged as follows: (a) capability, (b) cost, (c) infrastructure, (d) products, (e) system, and (f) technical. Within these categories, 83 rich data descriptions emerged from the data. The researcher will discuss each one individually.

Capability

The first penetrator to stimulate growth through the exploitation of addressable market opportunities is capability as illustrated in the figure below. Capability was broken into seven categories, including (a) dwell, (b) process, (c) security, (d) strategy, (e) system, (f) technical, and (h) training. The dwell pattern related to how quickly the company is able to turn around orders. Order dwell time is a competitive advantage that can be sold. As other competitors cannot achieve this and as this is important to clients on a timeline, it is an opportunity to pursue the *spend* of the client that is being consumed by other vendors. In addition, a suite of products can be delivered simultaneously rather than in a staggered fashion. The capacity

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needed to deliver a series of products simultaneously is significantly different than linear delivery schedules. The dwell time does not only relate to product, but also relates to invoicing. Another capability-based penetrator is process. A reliable process can be sold. In the event that a competitor is having reliability problems, this is a good opportunity to take the spend going to someone else. The reliability needs to be present in the network-based production system. An assignment could go to any location in the network and it is assumed that performance parity has been achieved. Furthermore, clients expect consistent performance without entropy. A process is competitive if it has installed controls to sustain excellent performance. Next, security is becoming more important and is a market penetrator. This capability includes integrity in the marketplace for the company's security. The security management system is guided by a standard that is robust. This standard must be consistently deployed and maintained in all locations and workflows. Another capability-based penetrator is strategy. Clients want to have strategic discussions about the future of the market. They desire to engage the company in developing projects that relate to new formats

and tools. These endeavors need to have a development roadmap, a schedule, and deployment. Additionally, the ERP system itself creates capability and is a market penetrator. Clients are given access to the system to track their orders. This is desirable and the user interface (UI) is influenced through client input and enhancement. Technical capabilities are also a market penetrator. The ability to solve client problems is appreciated.

“Technical and supply chain resources [are] available enabl[ing] problem solving.” (MP93)

There is also the expectation, on the part of the client, that the company is a thought leader in the business generally. One way to provide technical capability as a penetrator is to make technology available to clients. The company attracted technical vendors on-site by providing office and workspace within existing facilities. When clients toured facilities, they were able to make the visits more valuable by exposing them to multiple vendors. The company also deployed a university (MU) that enabled clients and employees to leverage the facility. When a large client saw the company university, the MOS leader said:

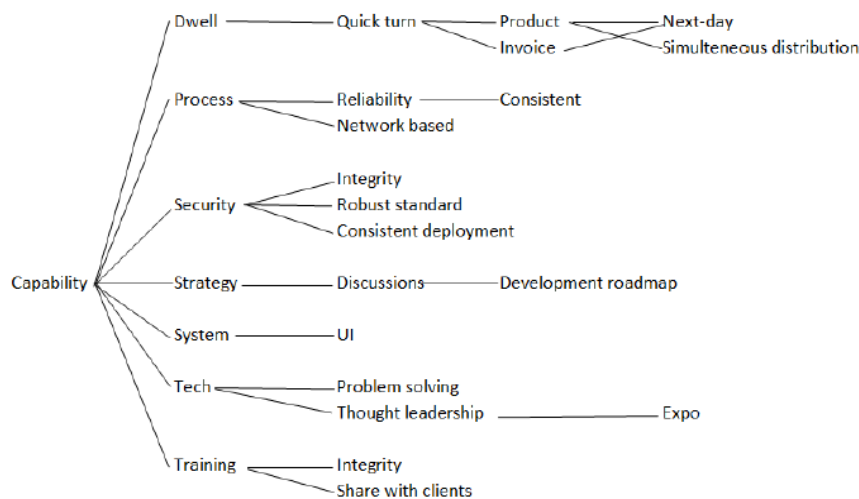


Figure 6. Market penetrator: capability. This figure maps capability as a theme category into descriptive sub-groupings.

I demo-ed MU for him and he could also see all of our trainings in the system, as well as process training when we pair [the university] with the [knowledge base]... [the client] said specifically, this is a leader of all the vendors by far and is a differentiator when it comes to making decisions about which vendor to go to for any services. (MP44)

Clients also commented on the need to train employees at the company in client surveys.

“Please continue to support growth with staffing and training as you are trend setting for the future.” (CS58)

Cost

The second penetrator theme that emerged in the data was cost. Three areas were identified as candidates for cost reduction. One of these was quality control (QC). The ability to carry out QC tasks with consistent reliability contributed to process robustness and strengthened the company's brand. When an issue was missed, there was significant opportunity for liability from downstream processes that would incur rework. In addition, an error would result in a time delay that could compromise the overall schedule. A time delay may result in the need for expedited fees from downstream vendors to recover the lost time in the schedule. A second capability was through the offshore capacity that was available. This capacity allowed for significant expansion and contraction of capacity at a much lower cost. The third penetrator was through the implant population at the client's location. These implants were helpful in directing work to the company. They are typically placed as part of an offer. This not only enabled the deal, but also redirected additional work to the company that would have otherwise been given to competitors.

Infrastructure

The third penetrator was infrastructure. The capacity and capability afforded by the infrastructure allowed for significant expansion and process reliability. Three theme categories emerged in the data: security, process, and system. The security capability related to the ability for clients to feel assured that their work was protected and available when they wanted it for any reason, even after delivery. Disaster recovery plans (DRP) are robust and business continuity is critical to client schedules.

Cyber-attack contingency plan – Strategizing using [Disaster Recovery site] for client DR – Having a well-planned comprehensive contingency plan with clients in case of cyber-attacks could take our partnership with clients to the next level and can make them want to work with the company in order to lower their risk. Also, we can make a case that small vendors are vulnerable to cyber-attacks and DR. This can be used as a penetrator and the timing is good now because of [the threat] situation. (MP26)

The ability to recover within a suitable amount of time is documented in the DRPs. The ability to continue to ship was documented in the business continuity plans (BCP). Process

capacity is a penetrator that infrastructure enables. The availability of storage capacity at any location and the ability to share capacity, or reallocate it, created a flexibility that can only be obtained from a pooled capacity. The network-based production scheme included the transfer of work to locations where storage was available. Assets, whether physical or digital, must be received and stored. Without the availability of the components, the work cannot be executed. Lastly, the infrastructure includes tools. These tools allow for the control of crowdsourcing management and the automated verification that deliverables conform to specifications. In some cases these tools are proprietary to the company and so make it possible for a competitive posture.

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:

Proposition1(cross-sector)

Entrepreneurial leadership that owns a product workflow can be incentivized to pursue cross-sector opportunities.

Proposition2(portfolio assignment):

An assigned portfolio enhances accountability for profitability results and focuses growth synergies that are constructive.

Systems

The fifth penetrator category that emerged from the data was the ERP system. This is illustrated in a theme map as shown in the figure below. The system was a competitive advantage due to its maturity, feature set, and applicability to the relevant workflows. The system included enhancements that corrected errors that have previously occurred, and so it promoted reliability.

The data produced five themes: integration, intelligence, performance, process, and transaction. The intelligence aspect of the ERP system included integrating client divisions into the system from a tracking perspective. It also included additional systems that can be used internally, to collect all quality information as an example. In this situation, if the company has the best reliability performance, the quality database makes this visible.

For those customers that understand this service, we have a huge advantage in terms of quality and capability... we have the company's innovative workflows to make clean, high quality [LOB] to invigorate the value in [client material] previously written off as too difficult to deal ... only with a facility like [location] with its specific services under one roof can any of this be achieved cost effectively and in a reasonable time frame. (MP40)

Additionally, the full range of services can be offered to distributors. They can also track the status of their orders. This transparency also reduces cost as the number of emails and phone calls are significantly reduced. The second penetration aspect of the ERP system that emerged in the data is related to data and business intelligence (BI).

"[We are] using business intelligence from information in the ERP to help clients with decision making – something similar to what we

have in [our] recommendation engine but leveraging large data in the ERP." (MP17)

With a high volume of data being collected on the work being done, analytical capabilities emerge. This information can then be used internally and externally for decision making. Clients can be offered information about the work that is being done for them to help them make decisions.

"As we are doing work with the [client], we are being relied on by the customer to help them make the best decisions about how to execute on their program production to ensure quality and efficient throughput for distribution." (MP470)

Internally, data from all clients can be used to provide information about trends, etc. This information can help with internal decision making. A fundamental aspect of this is the data. Making sure that the data is fulsome and acquired in an architecture that is meaningful is a primary function of the database. The energy needed to go back and fill in fields on historical data that are now desired is very wasteful. Entering the order and asset data in at the beginning is therefore, fundamental just as it is having a field architecture that is accommodating and fulsome. Having a system that is able to capture and track asset and configuration issues is needed to ensure that deliverables meet specifications. Exception management must be invoked to alter the disposition of configurations or assets that are quarantined once issues have been identified. The issues may require additional information. The ability to add notes is then helpful so that if someone goes back in the system to move the order they see the note. With the trackers embedded in the system, calls and e-mails are eliminated and data is available for reports. These reports are helpful for synchronizing quality performance perceptions with clients and for monitoring trends. Process-related aspects of the system provide an opportunity to penetrate markets. The system provides opportunities for automation. In the case where pricing pressures mean that market entry is not possible, automation pricing can be used. If assets are not fit for use, overage opportunities exist and can enhance profitability, assuming that the activities associated with them have a margin. The system provides tracking information internally and externally. Internally, this reduces cost due to the reduced need for altering the status or an asset or a configuration via e-mail or phone. Operators can see their cue and work it

down. Externally, clients can see if there are issues with their assets and remedy the situation without having additional communication. Additionally, automatic updates and delivery notifications are sent to distribution lists. This creates value for a client that needs transparency. The system can also be used to retrieve assets as all assets are visible depending on permissions for the view. This ability is a market-leading feature, valuable to clients who want to see their properties. The last value-producing penetrator that was brought up was the efficiencies that the ERP provides relative to transactions. With the high volume, customization of each delivery, uniqueness of the assets, and specification requirements, the complexity is very high.

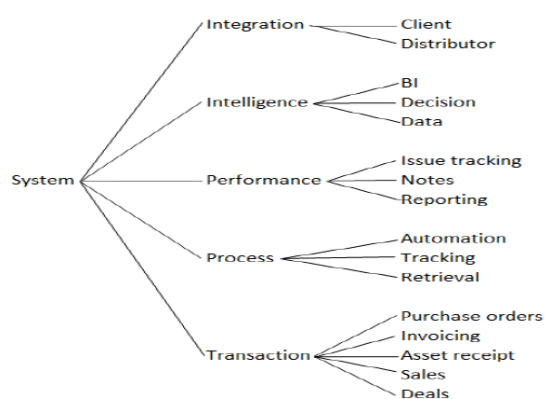


Figure 7 Market penetrator: system. This figure maps systems as a penetrator theme category into descriptive sub-groupings.

The product is so complex / complicated now, we need to be involved literally at the beginning ... complexity is huge now and ever growing in our future. It will kill the little guys and show where the company really excels. (MP49)

The transactions can be purchase orders, invoices, sales transactions or deals, and asset receipt or the delivery of a final configuration.

Technical

The last penetrator category that emerged from the data was the technical penetrator. This included six themes. The first was related to technical projects with distributors. Often distributors were not sure about what they wanted or how to check that it was within specification when received. The company was capable of setting up a distributor with regard to understanding the specification that they would need, as well as providing confidence that what was received was correct through the use of

automated verification tools. In the event that the distributor was using automated tools, the company was able to synchronize its tools to the distributors following consensus on the specification line items.

“We can push the technical envelope.” (MP94)

MOS leaders also suggested that these verification tools provided a competitive advantage for the company and provided confidence in delivery capabilities. In some cases, workflows at the distributor needed to be influenced. The company was able to provide value by providing advice on production workflows. In addition to verification tools, the company was able to create packaging tools. These tools made sure that a package had everything in it, and that each item was in compliance with the relevant specification before it was delivered. This saved cost for rework and redelivery while creating confidence with clients. The company was also able to provide additional security-related features in the workflows that were of value to clients.

MOS leaders indicated that there were opportunities in other sectors that should be pursued. These opportunities could leverage penetrators to achieve increased market share using synergistic growth strategies. The figure below illustrates the strategy for sector penetration. The target sector may be existing or new. The market opportunity within the sector may be incremental, cross-sector, or discontinuous. An incremental opportunity is an opportunity for more revenue within an existing sector (exploitative space) or in a new sector (explorative space). In the existing sector, this revenue could include increased market share that has not previously been penetrated. In the new sector it could be more revenue in a new sector leveraging the experience in an existing sector. The existing sector could be a reference used to get the work in the new sector. This cross-business strategy could leverage the penetrators mentioned above. For example, a bundling strategy may be used to bridge the existing and new sectors.

The combining of contiguous supply-chain services is compelling to customers. We can create a package that efficiently leverages our account management and operations, removing redundant order entry and communication with the customer and allow us to coordinate and consolidate processes maximizing profits. (MP33)

Penetrators may also be used to plunge into explorative space even though no references may exist to lend credibility to the service to be offered. This would be a “cold call”. Penetrators may also be used in explorative space within a sector by pushing upstream within a client’s portfolio. In some cases this may be unfamiliar territory. Integrative cross-business market penetration strategy can occur when an existing product or service is leveraged to push upstream in the client’s supply chain to pursue market opportunities in a discontinuous sector. This strategy may also be used to penetrate related new sectors while leveraging a track record in an existing sector.

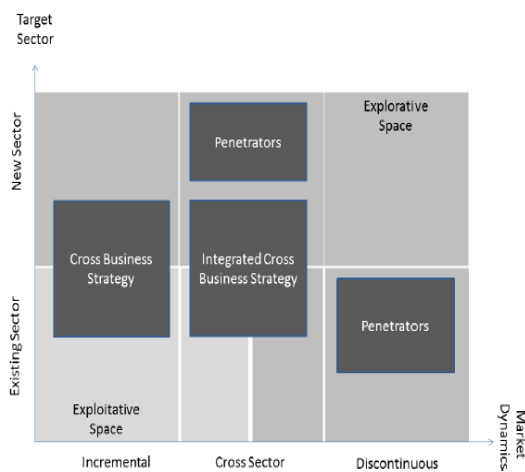


Figure 8 Sector strategies. This figure illustrates how penetration strategies can be mapped in a dynamic market.

A sector mapping exercise enables the mapping of client needs to the LOB and location where the work could be done most efficiently as illustrated in the figure below.

When a sector is targeted and an opportunity within the addressable market there is achieved, a better understanding of the customers’ need can be documented in the form of a specification, service level agreement, volume commitment, and delivery schedule.

With this in mind, the need can be mapped to an operational solution in the form of a workflow that takes input assets and transformational elements that manipulate these assets into the correct configurations. Each of these workflow steps is a billable line item in the invoice. These are then mapped to the functional area that is best suited to perform the task. By making this assignment existing systems can be leveraged in a synergistic way, optimizing profits.

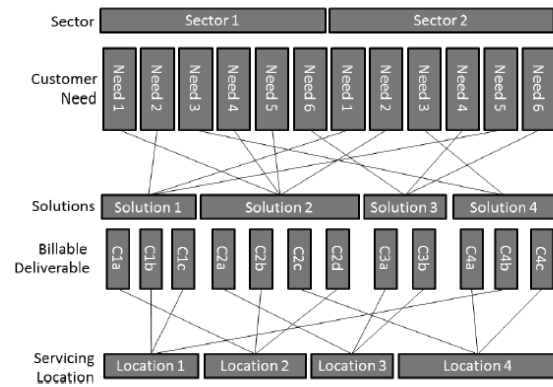


Figure 9 Sector growth synergy mapping and execution. This figure illustrates how sector client needs can be mapped to synergistic opportunity at existing locations.

Another way to look at this is in Figure 86 below. Each LOB that is sold is used in a number of business units as reflected by BU#. These need to be identified. These business units use workflows that are likely similar as reflected by WF#. For example, there could be a number of workflows for quality control that are used to check products in an LOB that is present in a number of business units. These QC workflows can then be consolidated and reassigned to optimize performance and cost through the exploiting of best practices, expertise, cost, and synergy. A consolidated approach can increase the focus on excellence while simultaneously achieving parity for the function in all business units. This can be accomplished assuming that synergies can be discovered and then consolidated.

In summary, the data suggests that achieving the profitability of addressable markets often requires market penetrators and timely strategy execution. MOS leaders identified penetrators that could be used situationally to capture new and increased market share. The researcher discussed types of penetrators used to realize profitability. These were synergistically exploited as they were already available or could be simply customized or applied situationally. Penetrators applied to the MOS design can leverage existing capabilities, infrastructure, products, systems, and technical expertise at competitive prices. Capability enabled a competitive stance. A cost advantage further made possible the penetration of markets by making “bundle deals” available with shared discounts to business units involved. An effective infrastructure can be leveraged for volume deals that competitors cannot

accommodate. Products must also have consistent integrity against requirements and delivery expectations. Clients desire that their vendor has the technical ability to solve their problems. Vendors must therefore be able to create new products and services. Strategic capabilities allow the entrepreneur to be liberated and motivated. Synergistic penetrators are less costly to create and deploy and thus, enhance margin potential. Penetrators help MOS leaders realize synergistic growth. The following propositions summarize the key findings of this section:

Proposition 3 (situational tactics): Strategic tactics must be viewed as situational to exploit penetration opportunities in a dynamic market.

Proposition 4 (MOS scaling): The MOS creates a competitive advantage that can scale through the addition of LOBs and locations while preserving talent, process, knowledge, and a penchant for excellence.

Proposition 5 (infrastructure reliability): Infrastructure reliability is a penetrator in an increasingly insecure and liability-oriented commercial environment.

Proposition 6 (enhanced value): The creative and timely application of enhanced value may enable new profit-producing opportunities to be exploited.

Proposition 8 (technical prowess): Technical ability is a penetrator because it inspires confidence in the company's ability to solve problems the client does not understand or cannot solve.

CONCLUSION

The intent of this paper was to show that an MNE can realize growth through pervasive and coordinated entrepreneurialism in spite of its size and the opportunity for conflict from self-interest. In this article, the author added to theory regarding entrepreneurialism in practice by discussing how a case MNE was able to grow synergistically 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 entrepreneurialism in practice throughout a federated organizational design that emerged during the study.

The findings established that coordinated entrepreneurial efforts can help an MNE exploit opportunities in an addressable market. 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. Capability is measured both internally and externally. It is critical to performance and in meeting customer expectations for a competitive advantage. Next, price erosion should be assumed. Therefore, cost reductions must follow. Entrepreneurial efforts are critical to meeting cost goals that support profit margins. While infrastructure design is critical cost, the utilization of capital intensive production enablers relates directly to cost. While internal expectations are that the cost of infrastructure is minimized, clients expect reliability and availability. 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. MNEs need to migrate to these positions through effective change management. Propositions suggested how to get this done by

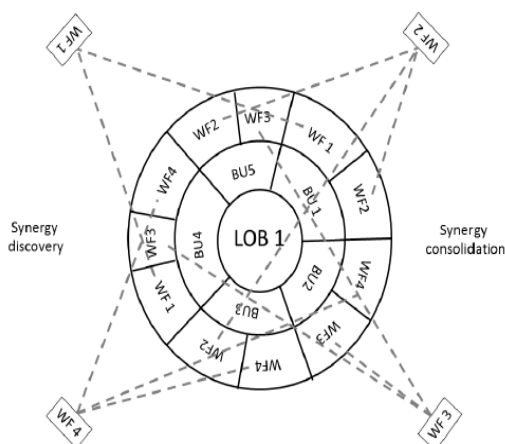


Figure 10. Synergy optimization. This figure illustrates how synergy discovery can lead to synergistic consolidation using an LOB wheel structure.

Proposition 7 (tailored UI): Customizing the ERP UI to clients' wishes makes it difficult for clients to divorce themselves from the familiar system interface and the valuable business intelligence that has accumulated.

recommending that to achieve a high return on investment (ROI) on efforts, the company would need to have planning rigor, transitional capacity, and a transitional organization. Systems enable transactions, integrate processes, provide intelligence, enhance performance, and monitor the process. Technical capabilities are impactful. Propositions showed that technical capabilities should include situational capabilities and be able to scale.

Technical abilities need to be reliable while they add value to products and services. The interface with the system needs to be useful and intuitive.

The technical prowess of the company is expected as clients expect that the vendor is a thought leader and is innovative regarding product and process.

Lastly, the implications of this study are that entrepreneurial collaboration within the federated structure of an MNE, is critical to achieving financial and performance goals. Leadership attributes not only encourage the flow of profitable opportunities but also enable 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 is critical. Ultimately, entrepreneurship in practice is pervasive through many elements of a multinational organization.

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