

Sustained Advantage from a Robust Dimensional Design

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Abstract:

This paper seeks to build out profitability theory by analyzing rapid evolutionary change in an integrated global value chain. This paper also shows that a multi-unit firm made of business units that are both related and different can be combined, or recombined, to exploit resources that are complimentary. Furthermore, this paper advances emerging research on the use of a multidimensional organizational design, its dynamic capabilities, organization-wide change leadership, and cross-unit collaboration.

Keywords: Multidimensional Design, Sustained Profitability, Synergized Scaling, Strategic Complementarity.

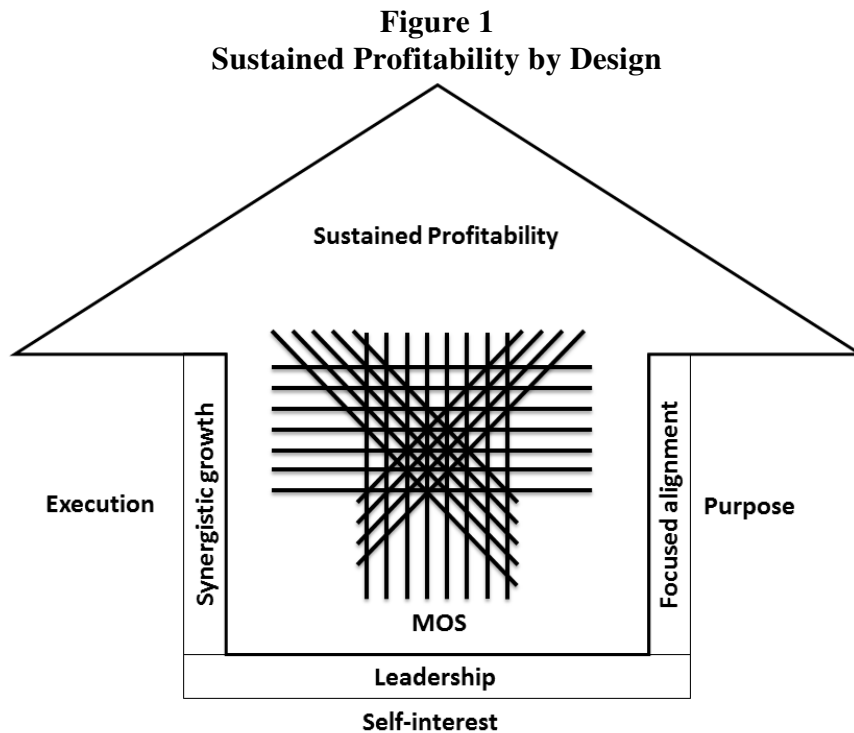
Extending the range of services or products offered, referred to as portfolio diversification, and has typically been a primary focus of strategic planning and implementation in global businesses. For many firms this approach is critical for growth in both saturated and emerging markets as a means by which they can enhance market share and profitability. But this focus has also typically drawn attention away from the potential of cross-business unit synergies as an additional strategic lever. (Li & Greenwood, 2004).

Global surveys have shown that over 70% of international firms are benefitting from the exploitation of synergies between their business units (Muller-Stewens & Knoll, 2006). Therefore, realizing cross-unit synergies in a multi-business firm is a strategy that can increase sustained corporate profitability (Ansoff, 1965; Martin & Eisenhardt, 2001; Martin, 2002; Porter, 1985). The urgency for meeting this challenge is fueled by experts who indicate there will be as much macroeconomic volatility in the next ten years as was seen in the last hundred (Rose, 1990). Taking this step further, recent studies have suggested that product or service opportunities, or temporary corporate advantages, are experiencing shorter life-cycles (D'Aveni, Dagnino, & Smith, 2010). Consequently, in order for these temporary opportunities to translate into sustained corporate advantage, they need to come continuously and consistently. (Wiggins & Ruefli, 2005). The complexity of this situation is increased when consideration is given to these leadership challenges in a global multi-unit firm (MUF). We posit that a significant driver for the realization of this incompletely tapped potential is the influence of organizational design.

With this in mind, this paper seeks to build out profitability theory by analyzing rapid evolutionary change in an integrated global value chain. This paper will also show that a multi-unit firm made of business units that are both related and different can be combined, or recombined, to exploit resources that are complimentary. Furthermore, this paper advances emerging research on the use of a multidimensional organizational design, its dynamic capabilities, organization-wide change leadership, and cross-unit collaboration.

In order to accomplish these goals, we examine a multidimensional organizational structure (MOS) that can

be used to exploit growth synergies in a global multi-unit firm. We also illustrate how a multi-unit firm in a moderately dynamic market may attempt to achieve sustained profitability through a novel application of leadership oriented in organizational dimensions. Once established, these fundamental structural components in a multidimensional organizational structure (MOS) are energized by (1) a purpose lived out in focused alignment, (2) the execution of synergistic growth, and (3) leadership that supports a guided and balanced self-interest of all stakeholders. These concepts are relationally illustrated in Figure 1.



Multidimensional Organization Structure

While there is substantial information on the U-form and more on the predominant M-form organizational designs (Roberts, 2004; Williamson, 1975), there is little information about multidimensional organizational designs. The most common form of multidimensional design is a matrix. Other designs with more dimensions like the MOS in this paper are viewed as novel and have very little coverage in the literature. To differentiate the two multidimensional designs, consideration should be given to the inadequacies of a matrix design so that similar pitfalls are not experienced in a multi-dimensional approach (Galbraith, 1977, 2009). The matrix design is two-dimensional and is typically separated geographically, for the operation, and non-geographically, for support functions. Other variations exist. Some inadequacies with a two dimensional design may include unclear responsibilities, a lack of accountability, political battles over resources, a risk-averse behavioral pattern, and loss of market share due to a lack of focus (Galbraith, 1971; “Life in a matrix”, 1980; Strikwerda&Stoelhorst, 2009). Adding to the tension, business units are not completely self-contained and so are not in control of their own destiny. Adding to this feeling of inadequacy, they must depend on external resources in the matrix to achieve their objectives (Barney, 1991; Bower, 1986; Gupta &Govindarajan, 1986).

I. An Engine for Growth:

Only a few studies have explored the implementation of multidimensional designs to exploit synergies across business units along multiple dimensions (Strikwerda&Stoelhorst, 2009). Some firms are organized along the lines of key accounts, professional services, support functions, or facility management (Strikwerda&Stoelhorst, 2009). In these instances dimension leaders are responsible for profits, market position, and customer retention, however, they don’t have direct influence over the resources that drive

profitability. In fact, frequently, resources are controlled by facility leaders who are responsible for the bottom line. This creates organizational tension as new market opportunities are developed by sales that require investment while facility leaders are accountable for the efficient utilization of existing resources (Galbraith, 2009; Goold & Campbell, 2003; Ruigok, Achtenhagen, Wagner, & Ruegg-Sturm, 2000). Resource leaders cannot risk valuable resources on market opportunities identified by account leaders. At the same time, market leaders cannot be overly optimistic in their judgments about market opportunities (Galbraith, 2009; Goold & Campbell, 2003; Ruigok *et al.*, 2000). In a MOS, collaboration, while satisfying the needs of stakeholders, drives profitable growth. This growth is measured by financial performance reporting within each dimension simultaneously. As unique challenges for synergistic growth are present in a globally integrated enterprise, leaders need to be held accountable for their dimension. It contributes, after all, to the overall performance of the firm, the discovery of opportunities, and to the achievement of growth synergies. To summarize, leaders need to be able to influence the dimensions on which they depend.

Proposition 1: A multidimensional organizational structure is uniquely able to exploit opportunities and scale to achieve desired client and firm outcomes.

We believe that the organizational design of a firm influences the ability of a MUF to realize a growth opportunity. To understand this better, we now look at the predominant traditional model. The most frequently occurring form of a multi-unit firm (MUF) is the M-form, so named by Williamson (1975), where activities are organized into separate business units (Roberts, 2004; Williamson, 1975). Resources are delegated to leaders charged with creating economic value for the firm. These resources are controlled within business structures that are measured for financial performance. The boundaries of the units are reinforced by financial systems. These business units, if connected vertically in a supply chain, may functionally appear to be organized in silos. Often, organizational designs are manipulated by corporate agendas driven by synergistic savings as established by corporate account management and shared service centers. Consequently, most businesses now depend on some resources that are controlled by other units (Strikwerda & Stoelhorst, 2009).

By contrast, multidimensional designs include dimensions that relate to products and services, geographic locations, support functions, and clients; however, other dimensional allocations can be used as applicable. To be sure, each dimension is not 'flat', as a layer might imply, but rather is variable. For example, products within a dimension may be different in complexity, volume, capacity consumption, quality rigor, seasonality, and sensitivity to penalty or liability. To illustrate further, within the support dimension there is variability in team expertise, size, and the nature of the support. Support could be made present in the form of ERP system enhancements or module creation, or storage management and the timely availability of workflow assets. There is variability in the client dimension with regard to size, rate structure, administrative load, 'hunter vs. harvest' activity, pricing strategies, and the meaningfulness of relationships. Geographic locations vary in culture, size, and mix of products used in local markets further strengthening the idea of a dimension rather than a layer. Even so, a multidimensional organizational design can be applied to a multi-unit business that includes a global value chain. A MOS is best positioned where a MUF must be competitively agile in its dynamic market while realizing synergistic growth through an otherwise complex organizational arrangement.

The M-form has come into question with regard to its relevancy in modern MUFs (Bartlett & Ghoshal, 1993; Ruigok *et al.*, 2000). Even Alfred Chandler (1962), the economic historian from Harvard who documented the emergence of multidivisional organizations in the first half of the twentieth century, suggests that structure must follow strategy to avoid inefficient results. In the 1970's there was interest in organizing MUFs along several dimensions in a number of publications that were concerned with the dynamic markets in which multi-national corporations operated (Ackoff, 1977; Bartlett, 1982; Coggin, 1974; Prahalad, 1980; Prahalad & Doz, 1979). The M-form design drives high employee costs, internal battles over resources, the lack of standardization, the lack of collaboration, and the loss of opportunities across markets contributing to

tension about expected synergy exploitation (Strikwerda&Stoelhorst, 2009). This tension needs to be resolved, at least partially, through an organization design that involves multiple dimensions without exacerbating issues around resources and market opportunities. Furthermore, the structure needs to drive clarity and accountability which is an inherent weakness in matrix structures due to the disparate interests of multiple bosses (Galbraith, 2009). Further, the organization needs to evolve to move MUFs from a resource-centric industrial economy, focused on exploiting tangible physical resources, to a customer-centric service oriented economy, that is focused on exploiting intangible knowledge based resources (Davis & Thomas, 1993; Grant, 1996; Markides& Williamson, 1994).

While the routine occurrence of the M-form can render a MUF obsolete, or make a transition to another design difficult, a multidimensional structure with the right leadership can enhance a MUFs growth capability and preserve location leaders' status, power, autonomy, and self-interest. Again, a multidimensional organization design should not be confused with a matrix design. They are different in several critical ways. With regard to opportunity exploitation in a matrix organization, the node where the two dimensions meet is the employee who reports to two bosses with individual objectives, or agendas. As a result, this stakeholder may be influenced by a conflicted dysfunctional relationship. In the multidimensional model, as described in this paper, the node is an identified profitability-enhancing opportunity, or more specifically a growth synergy opportunity. Once discovered, dimensional representatives can strategize as stakeholders in the exploitation of discovered opportunities. The leader in each dimension reports in to the same person allowing for alignment through a singular purpose. Furthermore, the organizational design reinforces self-interest through a reward system that is supported by collaboration. Another difference between the two structures is in the planning and control processes. While the profitability of the client oriented P&L is dominant, the P&L's for products, the support functions, and for locations are also important as they contribute significantly to overall organizational health in MOS. Profitability is, therefore, out of necessity measured and monitored in each of the four mutually dependent dimensions.

Putting this together, a business unit in a MUF is given both autonomy and the opportunity to meet its own needs when it is given the opportunity to identify growth synergy opportunities, when it can define their valuable attributes, when it can determine deployment timelines and the scope of coverage, and when it can determine the task rollout sequence as represented in an operational deployment plan. Adding to this, business unit autonomy is augmented in at least three ways. The first is through a suitable culture as defined in part by company culture and its reward system. The second is through administration and control which includes financial review, secondary structures, and a centralized workflow management system that provides meaningful organization-wide data and analysis. The third augmentation area is related to strategy. Strategy must have structure, purpose, and alignment in order for it to be directionally meaningful and effectively executed. Strategy is also selective in that it is prioritized based on its measured contribution to the desired outcome. The outcome of strategic action is business health. More specifically, outcomes from exploiting self-interest are profitability in the form of social impact; organizational efficacy, team efficacy, and personal leadership efficacy (Lovas&Ghoshal, 2000). In summary, the benefits of business autonomy are augmented by the decentralized collaboration that a MOS enables.

II. Liberating Controls:

Collaboration is augmented by an effective management information system (MIS), as an integrative mechanism, that reports financial performance in each of the dimensions at all levels of the organization design. A singular, or connected system, eliminates information asymmetries and transfer pricing, as examples. In contrast to other organization designs that emphasize authority and power over available information, an MIS inserts the MUF into a relationship with clients and with operations at various levels of granularity (Galbraith 1971, 1973; Goold& Campbell, 2003; Ruigoket *al.*, 2000). The firm can collaboratively focus on joint customer-centric goals by leveraging business intelligence that point to opportunity. Because order status and overall business intelligence is available to all parts of the organization, the integrated MIS must keep current with firm changes in response to market changes and product life-cycles (D'Aveniet *al.*,

2010). ultimately, the MIS makes critical information and intelligence available to leaders transparently in all of the dimensions of a MOS enabling focused action.

The MOS includes a primary dimension that relates to client management. A P&L can be provided to each account manager with regard to the client's overall global financial performance across all locations and lines of business (LOBs). This look forward and backward capability is provided by an effective client resource management system (CRM). It enables the MOS to conducting business with customers in the way that they prefer so that there is value in the relationship (Galbraith, 2005). The overall client P&L is support function, location, and product agnostic; however, it can also allow leaders to understand the profitability of each client. Additionally, it provides a context for understanding individual client profitability as it relates to LOB and the cost basis of the location where the work is processed. The customer-centric nature of multidimensional firms is enhanced by treating clients as profit centers (Galbraith, 2005) and by listening to them for the purpose of discovering service opportunities (Wiessmeier, Axel, & Christoph, 2012). Economic gain is then created by pursuing unique location-specific market strategies, by integrating product and service offerings to maximize customer profitability (Amit & Livnat, 1988; Armour & Teece, 1978), and by making the relationship 'sticky' through a diverse, but related, portfolio, and through interdependency.

III. The Network:

A further business consideration is that, in a global production network, the center of innovation has shifted from the business unit to the network in which it operates. The network flourishes when it exists in a state of deep collaboration, cross-pollination, and concurrent engineering developing valuable solutions in parallel while exceeding time to market requirements (Grossman, 2005). Further to this, and often overlooked, growth synergies can be achieved through alumni relationships within the industry-wide network. Putting this together, the exploitation of available market knowledge then becomes more critical than creating personal knowledge. An advantage is that knowledge can be easily obtained from the network if it is not locally available. To make this happen, organizational designs must align with this environmental consideration and facilitate the ability of talented resources to leverage network-based knowledge resources (Drucker, 1992; Goold & Campbell, 2003).

Clearly, collaborative knowledge workers are increasingly valuable due to their collective influence on profitability opportunities in a multidimensional firm (Bartlett & Ghoshal, 1993; Prahalad & Hamel, 1990) especially in a firm with a structure that requires collaborative arrangements like a MOS (Contractor & Ra, 2002; Inkpen, 1997). These firms see that this is an opportunity to increase their employees 'personal market potential within the industry network (Drucker, 1992; Florida, 2004; Rosen, 2004) and, if they can increase their market potential in a firm they would not want to move to another. This focused and curious energy is part of the challenge in managing the market serviced by these networks. It is also the current opportunity and the competitive advantage of a MUF.

IV. Opportunity at the Node:

The move toward the MOS provides opportunities to explore the advantages of autonomous collaboration and problem solving at the intersecting nodes. To accomplish this, an understanding of the interaction between variables that describe each dimension needs to be understood. To accommodate this requirement, the realization of operative synergies requires cooperative designs that include the centralization of authority, financial controls, corporate-level incentives, clear accountability, and the use of strong integrative mechanisms. To be sure, the efficacy of the organizational design is dependent on leadership capabilities, representing yet another variable. Urgency is provided by changing economic conditions that increasingly call for the creation and exploitation of synergies (Ansari, Shouten, & Verwaal, 2006; Chatterjee, 1986; Kinnunen, 2010). As a means to thrive in this environment, a MOS can discover synergistic opportunity and enable profitable growth.

In fact, we believe that the use of a MOS design not only survives the dynamic market, it creates a competitive advantage as it enables dimensions to leverage synergies across units that serve increasingly dynamic, technology dependent, and fragmenting markets. This collaborative design is suitable for engaging in knowledge based society, or knowledge economy (Powell & Snellman, 2004). Knowledge-driven production requires that firms are able to integrate distributed and tacit information through knowledge management. The complexity present in environments and products makes it clear that no one person holds all the knowledge needed to satisfy client needs promoting, therefore, a collaborative and diverse leadership structure. The MOS facilitates the teamwork and self-directed problem solving capability needed to successfully create and exploit profit-generating knowledge relative to the opportunity at the node. It enables the simultaneous optimization and exploitation of market opportunities while efficiently consuming resources. Moreover, many markets are no longer one-dimensional but rather require value chain capabilities as well as the capabilities within the other dimensions. These product combinations, found in a bundled sequence of nodes, are made more complex by product customization and differentiation. This drives the variability of products and services that are sold through a variety of distribution channels. Customer preferences change quickly and frequently. And, client insecurity drives the need for multiple vendors for redundancy making the requirement for competitive value increasingly salient. MUFs, therefore, must have the capability and agility to adjust to transient client and consumer behavior, or whim, represented at the node.

V. Sample MOS Configuration:

So that the dimensions of the MOS are better understood we will discuss them in more detail using a sample configuration. To begin with, horizontal leaders represent the products (Prod #) and services (Serv #) dimension of the MOS. They deploy and sustain best practices, solicit R&D and system support, and apply performance management through cross-unit linkages. They create and manage communication channels and decision forums to capture differences of opinion and interests turning them into exploitable opportunities. Where applicable they connect vertically between product and service workflows to leverage infrastructure or other workflow based resources as applicable. Concurrently, they absorb demands in a capacity construct that is cross-geographic. Consequently, the ability to influence local markets is imperative.

These horizontal leaders experience distance more than any other dimension as they influence geographic locations in the network. Some may suggest that distance impairs the ability of a leader to be effective. Leadership at a distance, a substantial aspect of the dimensional leader role, was originally identified by Bogardus (1927); however, distance is not only physical, but social. The perception of distance relates to interaction frequency, for example, but also can be measured by status, rank, authority, social standing, and power (Antonakis & Atwater, 2002). Napier and Ferris (1993) describe distance between leader and those who are influenced as psychological (demographic, power, similarity, values), structural (physical, organizational), and functional (closeness, quality of working relationship). Similarly, Howell and Hall-Merenda (1999) found that LMX (leader-member exchange theory) positively affects follower performance but that distance is not a dependency. Other scholars have also found that the supervisory relationship is more related to job satisfaction levels than distance (Ramos-Sanchez *et al.*, 2002). Furthermore, physical distance, or leadership in a distributed context, has been shown to influence the commitment employees have to the organization (Podsakoff, MacKenzie, & Fetter, 1993). Horizontal leaders, therefore, have the unique challenge to keep location leaders from becoming overwhelmed by demand, capability needs, ambiguity, complexity, cultural inconsistencies, conflicting messaging, isolation, and potential conflicts. While technology allows for a virtual presence, the benefits of one-on-one interaction should not be understated; the networked horizontal organization of a MOS compensates for distance through collaboration, allowing location leaders the time to focus on harvesting as much profit from local markets as possible (Bartlett & Ghoshal, 1997).

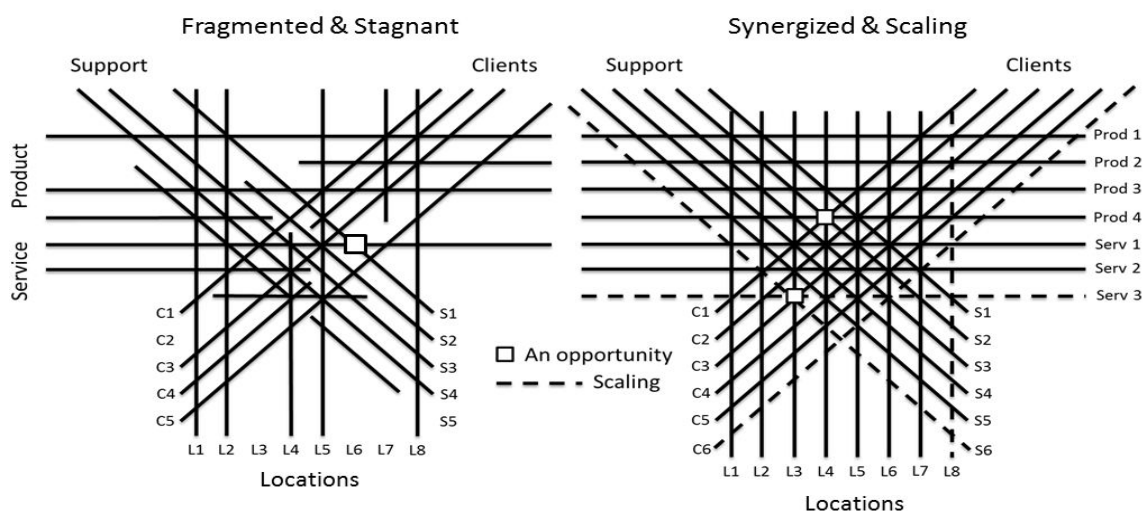
In the construct of the MOS, vertical leaders are geographic, or location based leaders (L#). These leaders

are charged with running the location facility efficiently, with the support of the horizontal LOB oriented leaders, while discovery and harvesting as much profit from local markets as possible. They discover, create, and pursue growth opportunities. They also have other operational challenges. For example, employee commitment to their employer was much stronger in the past. Now employees are more mobile, they can pursue their dreams, and they have to balance multiple dimensions in their own lives (Phelps, Rogg, Downey, & Knight, 1994). Location leaders have to be able to attract skilled resources locally. The attributes of vertical leaders would include, but not be limited to, creative, intuitive, persuasive, engaging, competitive, resilient, and persistent. They have detailed operating knowledge of the businesses competitive capabilities as well as their customers' expectations and needs. Vertical leaders focus their energy on opportunities and are able to recognize potential, make commitments for delivery, motivate local labor to meet expectations, and focus organizational energy around demanding objectives (Bartlett & Ghoshal, 1997).

The other dimension type in the MOS relates to the diagonal leaders. They are designated as leaders within the support functions (S#) from top left to bottom right and client relationship based functions similarly from right to left (C#). Support functions could include, but not be limited to, IT support, HR, finance, R&D, system support, etc. Client relationships are allocated by client, sector, or client cluster/sector assignment. These assignments are based on volume of work, product type, and leader tenure, complexity of the product, market trends, market saturation, and other relevant factors. A client and support function line can meet on a node where a location could experience a product that requires technical assistance for the product launch. While diagonal leaders do not 'touch' the product, they do make sure that the product comes into the workflow and leaves it on time through the influence of their support.

As the MOS evolves it moves from a fragmented model to a connected and scalable structure as illustrated in Figure 2 below. To illustrate the scalability of the MOS, and as an example, a client (C6) could be added to the client portfolio. A client may also want more of a firm's products or services (C4). A location (L8) could be added to the firm through acquisition. A location (L4) could also expand its product/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 through synergy exploitation. Lastly, a product (Prod 4) could be sold to other clients, possibly external to the firm. The scalability of the MOS points to synergy driven profitability as all of these instances focus existing skills, infrastructure, and resources on a growth opportunity. An optimally profitable firm would exploit existing resources, products, and services across all locations and clients using this as a basis for focused scalability and overall growth.

Figure 2
MOS Fragmentation vs. Synergy



VI. Execution of Sustained Synergistic Growth:

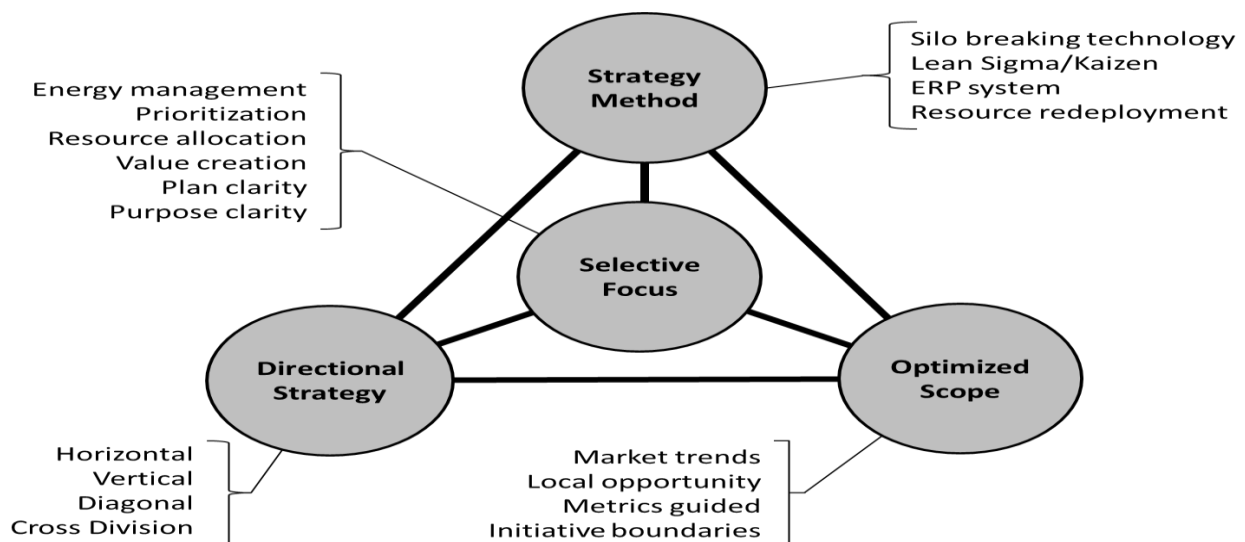
Selective focus is important to the realization of synergistic growth as the principle is aligned with the objective to achieve profitable results. This is achieved by allocating energy strategically to achieve the best results. Available resources can be better utilized through prioritization, plan, and purpose clarity. The effectiveness of these resources can be measured by looking at value creation. Consequently, the ability of a MOS to execute through selective focus is augmented by an appropriate strategic method, a scope that is optimized, and an organization that is directionally scalable.

Proposition2: Synergistic growth can be achieved by a MOS when effective execution is appropriately sequenced and timely in a dynamic market.

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 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 a value-add. A directional strategy relates to the MOS and its scalability. To elaborate, the complete directional extension of a line in the MOS, as shown in Figure 2, results in increased synergy opportunity. To clarify, similar skills and resources can be exploited to maximize profits. Furthermore, the structure can scale and be leveraged across divisional lines. For example, a synergistic activity in one business unit can be exploited by another business unit without incurring proportional additional resource or infrastructure costs.

And, out-of-scope strategies drain energy with little return. It is clear then that a focused strategy must include a scope of work that is in alignment with market trends. 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 performance measurements to ensure transparency and facilitate timely decision making. To summarize, the guidance of an appropriate strategic method, in an optimized scope, leveraging the directional capability of a MOS will help to ensure that only the most profitable opportunities are selected for focused attention. The relationship between the three key strategic themes on selective focus is illustrated in Figure 3. Examples of aspects of each theme are also listed.

Figure 3.
Strategic Complementarity



There are a variety of methods that can be used for fulfilling strategic goals. For example, directional strategy occurs in a MOS both horizontally across locations and vertically across product lines. The optimization of scope restricts the area of concern avoiding noise and overwhelming analysis. The recognition of strategic complementarity allows for a selective focus producing synergistic growth. Selective focus is important to the realization of synergistic growth as it is aligned with the objective to achieve profitable results. This is achieved by allocating energy strategically to achieve the best results. These 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. It follows then, that 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 described includes aspects that penetrate boundaries. These may include, as an example, a technology that could break through the walls of an organization making available the revenue that was previously unrealized at a cost that is minimized. 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 a value-add. Among other potential advantages, this directional strategy relates to the MOS and its scalability.

VII. Purpose Enacted through Focused Alignment:

An organizational arrangement designed around an aligning norm enables agile behavior. Given that the direction is appropriate, this alignment optimizes the organizations success potential in a moderately dynamic environment. This directional alignment also relates to an organizations ability to focus its experience, skills, information, and routines on growth synergies, collectively (Grant, 1991, 1996; Santos & Eisenhardt, 2005; Winter, 1987). Alignment may be described simply as a mindset that guides decisions. In fact, it accelerates decision making. There is a general lack of literature that describes this phenomenon; however, we aim to increasing knowledge around the execution of achieving ‘one-ness’ in a MUF as propagated by a MOS.

Proposition3: An organization aligned and focused on a purpose is able to achieve desired outcomes while expending only an optimal effort.

A company’s business units can appear to its clients as unified, without walls. This perception is augmented by a common mindset. Caution should be taken to make sure that this aligned mindset is not misapplied through behavior meant to achieve personal agendas. Further to this, a ‘one-ness’ agenda should not encourage over-centralization that results in effort directed towards prioritizing rather than accomplishing tasks. The transformation to ‘one-ness’ may instead include a sequence of initial strategies that create horizontal collaboration between businesses. This results in the ongoing realization of growth synergies. A ‘one-ness’ initiative is a platform on which organic growth can occur through decentralized collaboration. This may produce the sustainable realization of increased market share, wherever synergy exists. Practically, this may be achieved by providing industry specific cross-unit solutions that support penetration, coverage, and differentiation in the marketplace.

The MOS can embrace and propagate ‘one-ness’ to achieve growth synergies. For example, the consistent accurate use of a single MIS is an aligning platform that enables accountability for performance and synergistic growth through transparency. The opposite is seen when disparate systems are used. System capability and data consolidation may help collect relevant information from across the supply chain in a MOS making it available to all stakeholders. For example, the system allows MOS leaders to leverage known available network manufacturing capacity, across all locations, to meet client expectations. The alignment of workflows exposes synergies that enable capacity pooling. This capacity management technique is helpful when there is demand variability improving utilization and increasing profitability

opportunity. Alignment is synergistic, in this case, as existing workflows and infrastructure can be used to deliver new products and services to an adjacent, new, or similar market in a different geography.

VIII. Self-interest Fulfilled through Leadership:

In the typical M-form organization, top-level leaders formulate strategy to set direction and then manipulate resources to fulfill objectives. Mid-level leaders then assume the role of administrative controllers and are in the middle between control from above and implementation of strategic tasks below (Bartlett & Ghoshal, 1997). The message of empowerment has spread through organizations as they realize the limitations of this construct, especially in an environment where behaviors and relationships have not changed. While MUF type organizations need top leaders, there is the tendency for them to drift into familiar and traditional roles with the assumption that boundaries are still present and that all leaders are similar. A study by Bartlett and Ghoshal (1997) showed that leaders within the complex networked dimensions of a MOS are different, unique, and environmentally situational. In fact, the transition to an organization of empowerment must be enforced through a structure that anchors new behaviors and relationships (Bartlett & Ghoshal, 1997). This is the intent of the MOS organizational framework as it provides objective alignment around growth synergy realization, and as it continuously redefines and deploys roles and norms.

Proposition 4: Leadership can provide for the realization of participant self-interest that, when aligned and collaborative, can result in desired outcomes.

Cultivating an existing norm is easier than embedding a new one. For example, a norm critical to the success of a MOS is entrepreneurialism. Leadership behaviors and the organizational design liberate this embedded capability to enhance operating profitability. The network in a MOS is exploited through support structures that enhance communication channels, increases the frequency of their use, and accelerates the value-based ethical decision-making process that entrepreneurial leaders stand behind (Jayaraman & Min, 1993). The MOS also allows for the system-wide exploitation of expertise on-demand. As this approach is holistic, instruction and innovation are brought timely to the ‘coal-face’ encouraging participation and inclusion in an evolutionary change process. Nested roles in a MOS are made equal through decentralization and linkage within the network. Any line in the network can influence another because they intersect.

Influence comes from leadership, and it is the responsibility of leaders to create or discover future leaders that are tenacious and thrive in an environment conducive to profitable growth through synergy realization (Bartlett & Ghoshal, 1997). The value-add of these leaders comes from an embedded sense of alignment and commitment in a connected organization. This comes from challenging routines and assumptions, institutionalizing an appropriate set of norms, and from setting an overarching ambitious purpose. MOS dimension leaders liberate their people to pursue entrepreneurial opportunities in a growth oriented culture that fosters commitment along with a strong emotional attachment to the organization. They are not isolated, but rather connected to the purpose of the organization (Phelpset al., 1994). This is enhanced by a belief and acceptance of the organizations goals and values, a willingness to exert effort on behalf of the organization, and a strong desire to maintain membership in the organization (Mowday, Steers, & Porter, 1979). As a result, other offers for employment are not entertained.

Leaders enable invested and committed stakeholders to exploit growth opportunities through advocacy for resource fluidity and the enablement of timely execution (Doz & Kosonen, 2008). They must see untapped potential in resources available to them while assisting with the coordination of disparate but relevant sources of support. This support-based management is augmented by applicable organizational development for operator-level entrepreneurs so that they (1) become a critical source of support and guidance for front-line entrepreneurs, (2) link resources and competencies, (3) assist with the development, documentation, and defense of plans, and (4) resolve the many tensions and conflicts that are a part of realizing growth synergies (Bartlett & Ghoshal, 1997).

Expanding the scope of the discussion, corporate leaders have historically been more focused on strategy, structure, and systems rather than purpose, process, and people (Bartlett & Ghoshal, 1997). The primary responsibility of top corporate leaders is to make sure that organizations are working effectively together to realize growth synergies (Doz & Kosonen, 2008). While management systems are critical to the operation they may isolate corporate leaders from the organization encouraging them to think of employees as factors of production rather than factors of growth critical to the rapid deployment of strategic initiatives (Doz & Kosonen, 2008). Leaders in the MOS should be thought of as agents of strategic agility (Doz & Kosonen, 2008). Top corporate leaders need to be optimally in touch with MOS leaders so that they can focus MOS leaders on influencing growth. This can be accomplished through a work environment that fosters entrepreneurial initiative and innovation.

Respect for the individuals and their ideas that can grow the organization profitably come through trust, support, and listening while questioning and challenging mindsets. Influential entrepreneurs want change in an environment that achieves equilibrium quickly and that is marked by sustainable economic growth, and a positive impact on society (Bartlett & Ghoshal, 1997). They want a sense of purpose and are proud, and motivated by belonging to an organization that is living out its purpose through its top leadership (Bartlett & Ghoshal, 1997). Frequent communication in the network, rather than in the silo, encourages participation which contributes to higher job satisfaction, lower levels of conflict, while strengthening commitment (Cummings & Teng, 2003; Semmeret *et al.*, 2015). Top corporate leaders create an entrepreneurial environment conducive to growth synergy realization sensitive to market trends more through inspirational influence than positional authority (Doz & Kosonen, 2008). As a result, leadership roles in the MOS are critical to the success of the organization. As this structure is somewhat novel, all leaders must be open-minded, capable and flexible to enact growth synergy realization within this construct.

Limitations of the Study:

Although our paper develops a novel perspective on an organizational topology that is meaningfully connected and focused on synergistic growth, there are limitations that should be noted. While being somewhat complex and dependent on a culture that is successful in a decentralized yet collaborative context, we think that this approach is promising and shows analytical potential; however, it may not be significantly generalizable. The scope of this study is limited and needs further research regarding application in a variety of organizational and environmental circumstances. Even so, considering organizational history and impactful environmental trends, the number of variables to be considered informs a complex picture. This snapshot in time view is subjectively interpreted based on an incomplete set of variables. Although few data are available, we believe that this model provides a meaningful framework for an agile and robust organizational design in a moderately dynamic competitive environment that seeks sustained corporate advantage. Like any conceptual paper the primary limitation is a lack of empirical validation for the proposed models. As such, leaders should be cautious when implementing the conceptual models presented in our study. While this paper presents normative recommendations to leaders, much work remains to be done in this domain. We hope that our study informs and motivates further work on this important topic.

Implications for Management:

This paper has created insight into the attributes of the corporate effect by clarifying and deriving empirically strategic success factors for sustainable profitability (Bowman & Helfat, 2001). This paper also has contributed to theories of managerial practice, organization, and strategy. The paper also provides a topology of organizational resources that may influence the achievement of sustained corporate advantage. We have attempted to contribute to corporate strategy theory by exploring the value-producing effect of combining complimentary resources that are energized by a shared self-interest to exploit growth opportunities. The paper has also confirmed the importance of similarities and complementarities within and between resource pools (Davis & Thomas, 1993; Tanriverdi & Venkatraman, 2005). Furthermore, this paper

has also provided an example of dynamic capabilities through organization design. Finally, this paper has provided insights into corporate strategy oriented around interactions between business units within a designed global network. This contrasts with literature that primarily discusses the creation of strategy between businesses and corporate or within businesses (Bower,1986; Burgelman,1983a; Floyd & Woolridge, 2000). In fact, the constructs used in this paper are presented in a manner that reflects the propositions presented.

We hope that the propositions and points listed inspire ongoing research in the field of organizational leadership. There is a need to reach a better understanding of the relationship between organization design and sustained profitable growth. We open up the possibility for integrating our study with existing literature and future research including the possibility for quantitative and qualitative study in any of the following areas:

- The study of other applications or variations of the MOS.
- The rate of growth synergy realization based on organization designs.
- The impact of 'one-ness' as an alignment strategy in various organizational contexts.
- The impact of chaos and uncertainty in an organization that is to a greater or lesser extent systemic.
- Adapting the concepts in this study to other industries with unique cultural environments.
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We hope that these topics will provide suggestions for other scholars in the field to develop theory for the purpose of deepening our understanding. Additionally, these theories can be linked to other areas of global leadership study.

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