ON TRANSFORMATION AND ADAPTATION: BUILDING THE ENTREPRENEURIAL CORPORATION

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ABSTRACT

This paper is an initial attempt to classify the nature of transformations and specifically to look at the nature of transformation which attempts to build more broadly adaptive, "entrepreneurial" organizations. This paper is built on initial observations of companies that have undertaken regenerative transformations involving changes in their strategy, structure, process, and behavior. We are setting the frame for further research in which we hope to connect entrepreneurship, transformation and theory on change (punctuated equilibrium) and adaptive organizations.

Introduction

Corporate transformation, while becoming a common topic in the business press, is still an emerging field for both practice and research. There are many partial accounts of transformational process appearing on the bookshelves and in business magazines. As was the word "strategy" in the 1970s, "transformation" has become a catchall phrase for a variety of practices and economic and organizational outcomes. All too often, transformation of companies has often been engaged in with greater urgency and with an even greater lack of advanced thought about process.[1] Many large and medium-sized corporations under the rubric "transformation" are undertaking fundamental changes that involve multiple dimensions (e.g., behaviour, systems, strategy, process, etc.) and take place in multiple stages over long periods, and are done in many different ways (Blumenthal and Haspeslagh, 1994). All of these efforts are directed at "improved performance" but all too often, improvement means reestablishing past levels of performance (i.e., reinventing the past).

When discussing this hurried drive to transform their organizations, many executives point to the fact that the "world is changing." Three drivers of change are commonly mentioned. First, the political and economic changes which have occurred in the last five years have unleashed a myriad of economic forces which will be reverberating through industries and economies for some years to come. Second, the long forecasted information revolution has finally taken root and both influences how we gather, build and exploit knowledge, and has profound effects on the nature of interpersonal and organizational

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[1] One can easily cite the Philips "Centurion Process" and IBM's change process over the past few years as examples.

communication. Knowledge is now more pervasive and accessible than ever before (though perhaps not as well indexed). Third, enhanced competition in both the 1970s and 1980s has had a profound effect, not the least of which is the arrival of the global markets and competition (Drucker, 1990, 1993). Product life cycles in many industries have decreased markedly and customer service expectations have risen. When combined with the greater accessibility of knowledge, the competitive push has yielded shorter windows in which to exploit opportunities.

These forces have acted together to create shorter life spans for economic opportunity, a shorter life span for differential exploitation of knowledge, and the need for organizations to manage their portfolio of product-market opportunities and businesses in a more dynamic fashion. This reality has created a mismatch between the functioning of many organizations and the requirements of their economic and competitive environments. Since the forces for change have not been completely spent, and by most estimations won't be spent for upwards of a decade, this creates the potential need for corporations to adapt to change over extended periods of time.

While some organizations have found themselves able to adapt to a more rapidly changing world[2] or have grown as a result of new opportunities (Pfeffer, 1994), many have found it very difficult to adapt fully. Management, in most cases, appears to be unwilling to accept the view that they and their organizations should simply "milk" their positions to return the highest short-run profits and simply close down business. Rather, management is recognizing that the latent "Taylorian" model if industrial management (Taylor, 1947) which underlies organizational process has exhibited many weaknesses in its ability to manage the opportunity set within an organization and to adapt to changing circumstances.

Management seems to have reacted to these forces in one of two dominant ways: either (1) they enact what they see as "one-time" corrections to better adapt their organizations to the new environment and seize available opportunities or (2) they create an organization that is better able to adapt on a continuing basis to better manage the flow of opportunity. Within this latter group there seems to be three different approaches. Some have reacted to enhance its performance by making people more locally responsible for administration of the enterprise, using the structures and systems of the industrial management model (i.e., through restructuring). Others have attempted to mobilize the organization to deal with the weaknesses in another fashion. And yet others have delved deeply into understanding what type of organization they wish to enact. It is this third group we find most interesting. We have identified a small group of companies which have both recognised the need for transformation, and have determined the goal they are working toward; the goal of creating a company that is basically more "entrepreneurial" in nature and better able to adapt and seize opportunity on a sustained basis.

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[2] Interviews we have conducted with 3M executives, for instance, have shown a clear and consistent picture of profitable adaptation to the current rate of change. However, even they feel the need to step up their "speed of adaptation" as witnessed in their recent move from a requirement that 25% of turnover for any given business has to come from products introduced in the last five years to 30% of turnover coming from products introduced in the last four years.

On the whole, our research has found a lack of clear characterizations of the nature of transformational change. In addition, we have seen little holistic or structured thinking about the relationship between the nature of the projected end state and the actual processes of driving the transformation (e.g., what are the essential processes which must be functioning within the new, transformed organization?)[3]. In part this is due to the fact that many transformational processes in practice have been evolutionary, with changing goals and practices. This has made characterization of transformation and its desired end state both a difficult and challenging task.

Our Research

This paper is an initial attempt to begin to classify the nature of transformations and specifically to look at the nature of transformation which attempts to build more broadly adaptive, "entrepreneurial" organizations. We believe that this research is one of many, as suggest by Lewin and Stephens (1993) which impinges upon the current great debate:

> The last time that a fundamental shift in management practice and organization design occurred was at the end of the nineteenth century, with the development of the modern bureaucratic organization. At the time, no discipline of organization science existed to analyze and interpret the changes or to inform management practice. This time around as the transformation of the post-bureaucratic society takes shape, organization scholars have the opportunity to influence managerial practice and the new developments in organization science in several ways.

This paper builds on our initial observations of the transformations in six companies and the attempts by those companies to either enact or maintain more entrepreneurial organizations. The companies are both large (e.g., 3M, DEC, Rhone-Poulenc, and ABB), and medium-sized (e.g., Mettler-Toledo and MHZ). We also draw from descriptions of other organizations such as GE, AT&T, XEROX and Philips which have conducted corporate transformation processes that have been less explicitly directed at enacting entrepreneurial organizations. This paper is much in keeping with the "action-research" perspective adopted in transformational research (e.g., see Ghoshal and Bartlett (1994), Chakravarthy and Doz (1992) and Hamel and Prahalad (1994)).

Our observations indicate that companies which have been consciously attempting to enact or maintain[4] organizations which are more entrepreneurial and adaptive have typically undergone more change to the strategic, structural, process and behavioural aspects of the firms. We refer to the transformations they undertake as "regenerative" in nature and

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[3] Some of the more notable attempts to better characterize transformation include the work by Stopford and Baden-Fuller (1992, 1994).

[4] In this context, we are suggesting that a transformation that maintains an entrepreneurial or adaptive, opportunity-seeking organization is one which enhances the ability of this already "entrepreneurial organization" once established to continuously adapt to a wider set of changes and opportunities.

distinguish them from other types of corporate transformation. We have also observed that the organizations have typically been more conscientious at embedding the transformational process into the ongoing fabric of organizational processes within the firm. In fact, we have observed a great deal of commonality in the perception and nature of the organizations management is intent on enacting through transformation. First, management typically puts heavy emphasis on conceptualizing and designing the "end state" before the transformation is fully in force, and uses this design to manage the transformation process. Second, we have observed that this end-state is intended to be more opportunity-driven with all of the requisite behaviours and processes.

The above observations suggest that we use a teleological model of change (Van de Ven, 1992), but in fact we are arguing for a strategically managed evolutionary change process. Working within the punctuated equilibrium model, we argue that path dependency is an essential part of the change process which allows for strategic choice. Specifically, the strategic choice of end states should affect management's selection or retention choices made during the transformation, directing the path dependency effects. These effects include the skills for change and analysis, and the beliefs and behaviors which are learned in the transformation and which can be integrated and used in the new entrepreneurial firm. Unfortunately, these effects can limit the desired end state, for example, if management treat people autocratically, they will not believe any of the empowerment rhetoric (Chakravarthy & Gargiulo, 1994).

We propose that firms which actively manage the selection process of the transformation may thus embed the very processes which would increase opportunity capture and reduce the need for traumatic transformations. By embedding processes which improve opportunity capture and adaption in the organisation, we are suggesting that fewer major transformations will be required for the long-term survival of the firm. Following the work of Tushman (1985) and others (see Gersick, 1991) working in the punctuated equilibrium paradigm, we suggest that organisations which need more transformations to adapt to environmental or competitive change are at more risk of failure. Thus we could conceptualise the initial thrust into transformation as a risky variation generation phase, followed by reduction of variation through selection and retention. Avoiding the risky survival threatening phase is clearly desirable, although an organisation which no longer has viable opportunities may have no choice.

In summary, this paper does not purport to describe results from a directed field research study, but is a paper which builds on the authors' experiences and observation of transformation practice. It has been written in preparation of a research study to be undertaken. We are setting the frame for further research. During the course of this research program, we hope to connect entrepreneurship, transformation and the theory on change (punctuated equilibrium) and adaptive organizations. This paper is not an end state, but rather a research and process guide.

Transformation

Transformation is a concept used by strategy writers for many years, yet the literature defies easy summarization because of the range of its definitions. An attempt to create a common definition during a conference convened by the Corporate Renewal Centre at INSEAD resulted in a two-dimensional concept: a fundamental change in organisational logic, which resulted in or was caused by a fundamental shift in behaviours. This broad result, which was the result of extensive discussion, suggests the diversity of definitions and interpretations in both the literature and practice of the word "transformation."

Our tentative clustering of transformation concepts suggests four types of transformation constructs: reengineering, restructuring, renewing and regenerating. The first two transformation types lead to a more immediate, tangible impact on systems and structure within organizations. The third, renewing, typically leads to an uplifting or a tapping of entrepreneurial behaviour (e.g., Ghoshal and Bartlett, 1994). The final type of transformation, which typically involves elements of the other three, is directed at implanting transformational process within the resulting ongoing, adaptive organization. In essence, the fourth type of transformation focuses not so much on moving a company from its current state to a desired viable future state, but on enacting a long-term sustainable organization. All types of transformations highlight the tension between norms and behaviours, between the company's old competences, and present and future challenges.

Reengineering

Reengineering is the word coined in the popular literature by Hammer and Champy (1993) to describe their approach to improving efficiency (lower costs) for survival in today's competitive environment. Other writers advocated different approaches, with the same focus on process efficiency (Constanza, 1992; Goldratt, 1992). Reengineering, while of recent vintage in the management literature, does have a parallel in industrial engineering. For many years, industrial engineering has attempted to make plant-floor activities more efficient (increase output/input). Reengineering has largely the same focus in administrative terms. In fact, some of the more prominent consultants engaged in reengineering often refer to management as the "paper factory" they are attempting to make more efficient. They often are borrowing tools and techniques from industrial engineering to engage in these tasks[5]. Phrases such as "debottlenecking" and "cutting buffers," used commonly on the factory floor, are often used in reengineering.

Reengineering efforts do attempt to better engage the workforce in the change process and to tap organizational knowledge and opportunity. However, they are typically very

[5] This conclusion was arrived at after discussions with individuals at Gemini Consulting and Symetrixs, both consulting firms actively involved in multiple organizations as reengineering consultants.

systems focused. In fact, much reengineering effort undertaken during the 1980s (e.g., at Xerox) were driven under the guise of "quality systems improvement."[6] The underlying assumption is that opportunity may or may not be more effectively captured by a streamlined organization, but will certainly be efficiently exploited. Reengineering work is often more historically driven in nature and focused on existing product-market opportunities. In the end, reengineering is more instrumental in nature (i.e., has definite processes, systems and measures driving it), is directed at improving overall organizational efficiency and only peripherally addresses the better engagement of the workforce and the challenge of capturing new opportunity.

Restructuring

Restructuring transformation tackle the failure of corporate resource allocation processes to provide shareholder value (see Blair (1993), Jensen and Meckling (1976)). Whether the problem is simple inefficiency due to "fat" management, or misallocated resource investments, the solution is to improve returns through tightening financial discipline. The restructuring takes two forms: one, the ownership and debt/equity structure are changed through the financial markets, and two, companies' executives tighten pressure on the company through dividing fiscal responsibility into smaller units, intensifying financial incentives, downsizing, flattening hierarchies, increasing the transparency of business performance or focusing the overall corporate structure and strategy. The financial markets' discipline is arguably due to failure of management. This solution does not take direct interest in internal processes, but dramatically 'turns up the heat'. Turnaround managers have become the heroes of this transformation process, taking a top-down, direct approach of cutting up the assets, laying off employees, removing layers of management and reshaping strategy. The shock of the turnaround provides a basis for major changes in the behaviours and processes of the company. Companies are challenged to divest or contract out any activity which they cannot perform better and cheaper than the market (Williamson, 1989).

This style of transformation, which was well exhibited in the early stages of General Electric's ten year transformation process[7], has a strong impact on the structural elements of the firm. The structural changes may engage the efforts of a limited cadre of individuals in the firm, but is often, as many of the "financial engineers" of the 1980s found, not exactly a process for engaging the hearts and minds of the workforce[8]. While exposing lower levels of the organization to performance pressure may enhance short-run performance, it does not necessarily ensure long-term adaptation of the organization. In fact, executives in more adaptive firms have noted that the short-term gains of their competitors had a negative impact

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[6] One could view "Total Quality" improvement efforts as an effort by the manufacturing function in companies to guide and implement reengineering in their organizations.

[7] Jack Welch, the CEO, has clearly described this as Phase I of his transformational process.

[8] One only needs to reflect on such dramatic transformation efforts as Carl Icahn's attempted, but failed transformation at TWA.

on the long-term adaptation by the organization through excessive removal of slack on multiple dimensions[9]. In summary, restructuring is very instrumental, is largely directed at improving efficiency, but does not necessarily improve the organization's ability to achieve its desired longer-term objectives concerning opportunity capture.

Renewing

Renewing transformations challenge companies to exploit the productive potential of their human resources. Like reengineering, these approaches highlight the difference between management theory assumptions about employees, and the actual facts. Rather than looking at specific work processes, however, renewing transformations emphasize, in varying degrees, the limitations of information and decision making processes. The implicit assumption in these transformations is that the solution is "in the people" and that they simply need to be "liberated" and encouraged to think and act more openly.

Renewal transformations include bench marking, TQM, empowerment (Kanter, 1989), liberation management (Peters, 1990) and a number of other approaches. Through empowering employees, each one argued, companies could gain improved efficiency, effectiveness and innovativeness by letting each person work (and make decisions) to their full ability, not just their job description, using the rich information available at front-line positions. The actual mechanisms for achieving improved efficiency, effectiveness and innovativeness (or opportunity capture) are somewhat ill-defined. Renewing transformations recognise the need for company-wide involvement in the transformation process and a long-term and sustainable change the values and behaviours of everyone in the company.

In summary, renewal transformations work off of the simple and often remarkably correct assumption that the model of industrial management applied to the workforce for many years has served to weaken opportunity, knowledge and organizational energy. Unlike the other styles of transformation, this form has a tendency to explicitly engage the people in the organization in the process of change, but lacks a certain focus as to desired results and process. As a result, there is usually a vague call for "stretch goals" accompanied by little structure and process. Efficiency and/or improved effectiveness may result, but it is unclear as to how these are to be achieved. The specifics are left to the newly empowered workforce and management. In the end, there is usually the hope that available but suppressed new opportunity will be captured by the organization.

Regenerating

What we have observed is that some executives are attempting to achieve is an organization that is both somewhat more efficient, and certainly more able to seize opportunity and adapt around them over the longer term. Managers often cite companies like 3M and

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[9] This was a point raised particularly at 3M and Rhone-Poulenc.

Johnson & Johnson[10] as more entrepreneurial corporations and as organisations which do not require regular major transformations to realign them with opportunity and their environment. We term what they engage in during transformation as a "regenerating transformation": a transformation that enacts a more self-adaptive organization.

We have observed that transformation into an "entrepreneurial corporation" (EC) not only changes the organisation from its old form to the new form, but specifically embeds and develops the skills of the transformation process into the processes of the new organisation. Managers who are monitoring and guiding the transformation process appear to be particularly conscious of the need to empower and train individuals to recognize the need for and manage change on an ongoing basis. Thus, a well-managed regenerating transformation process consciously uses the "how" of the change to get at the "what" of a better organisation (see Figure 1 for a graphic display of this concept). The transformation does not simply stand alone as a temporary phase or means to a specific end.

-- Figure 1 about here --

What appears to be true is that a goal-directed approach to transformation is essential to creating an EC, because the EC is fundamentally characterised by its processes, by the definition of how it gets things done, not by structure or product or technology. The specific skills and the knowledge of change processes are salient to the new organisation. In the end, we suggest, the whole range of transformation skills, from improving efficiency (reengineering) to creative evaluation of cognitive frames, are used in creating and sustaining the EC.

The common focus of activities which appear as part of a regenerating transformation includes not only the improvement of existing processes, but a fundamental revisiting of the direction and portfolio of opportunities a firm is focused upon. Fundamentally, regenerating transformation appears to mirror the focus of adaptive, entrepreneurial organizations by beginning with questions concerning the nature of opportunity that an organization is pursuing. In addition, there appears to be a great deal of focus on the nature of the processes and behaviours by which the organization identifies, captures and exploits opportunities.

Summary

Practice, popular management literature and the research that exists suggests that "corporate transformation" is a difficult concept to describe. The term is used in many different ways. We have attempted to define four different styles of transformation. An attempt to summarize some of the apparent differences in these styles is presented in Figure 2.

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[10] While both organizations have undergone transitions over the past 10 years, neither has reported a traumatic restructuring. Although a manager in one of these cynically pointed out that the stock price of the company probably would have gone up had they simply announced one given the transformation craze on Wall Street.

- Figure 2 approximately here -

Diagram A on Figure 2 attempts to characterize the differences among the styles in terms of their "instrumentality" and human "motivational" aspects. Corporate and financial restructuring are primarily instrumental, using structure and measurement to drive transformation. Changes in human motivation are assumed to stem from the nature of the changes in administrative organization and practice. Renewing, on the other hand, focuses heavily on motivating the people in the organization to "take action" without spelling out the administrative changes that are to be affected. Reengineering attempts to deal instrumentally with processes in the organization, and makes some attempt to motivate individuals to take action. Regenerating transformation attempts to not only motivate the individuals, but from our observations, also deals with improving a common series of processes within the organization in a very "instrumental" way.

Diagram B on Figure 2 attempts to suggest the differential nature of the focus of the four styles of transformation on dimensions of efficiency (improving the ratio of output/input) and effectiveness (improving the ability of the organization to establish strong value creating goals and challenges, and to deliver on them). As noted in the previous discussion, much of reengineering is explicitly focused on improving organizational efficiency. Restructuring attempts to accomplish something of both efficiency and effectiveness improvement. As noted earlier, restructuring transformation has the inherent problem of not well defining what it attempts to accomplish. Renewing typically attempts to focus on making the organization more effective: permitting the organization to flourish by "liberating" the people within the organization so that they may capture available opportunities. There is less of an efficiency focus in renewing transformations. Finally, regenerating transformations appear to involve a real push toward making the organization more effective (permitting opportunity identification) and somewhat more efficient (enhancing the ability of the organization to capture opportunity).

The remainder of the paper focuses on developing a more explicit description of the key elements present in an EC and, given this, what elements must be considered in transforming to become an EC. We will draw on our observations of the transformations we have observed. In the next sections of this paper we will delve into the nature of the "entrepreneurial corporation." With this discussion, we hope to identify the nature of a "regenerating transformation"

The Entrepreneurial Corporation

Basic Elements of Entrepreneurship

Entrepreneurship is a concept that has been discussed for many years, since the time of Cantillion in 1700 (Carland, Hoy, and Carland, 1988). In this century, there has been considerable discussion over the exact definition of entrepreneurship although there is general agreement that entrepreneurs perform the function in society of identifying opportunities and converting them into economic value. Schumpeter (1934) and, more recently Gartner (1988),

Carland, Hoy, and Carland (1988), Gartner (1990), and Baumol (1991) are just a few of the authors who have written on the subject. Much of the argument over the definition of entrepreneurship revolves around the factors considered necessary for entrepreneurship to take place and, derivatively, what constitutes an entrepreneur. The factors that are most commonly cited for entrepreneurship to take place are:

1. An individual
2. An act
3. Innovation and opportunity
4. An organisation
5. Risk

We generally agree that three conditions are *necessary* for entrepreneurship to occur: (1) an individual, (2) who performs an act, (3) that involves innovation--properly defined. We have substantial disagreements, on the one hand, about (a) the nature (or amount) of the innovation that is *necessary*--including whether the creation of an economic entity is sufficiently innovative to be entrepreneurial--and, on the other hand, (b) whether the creation of an economic entity is a *sufficient* condition of entrepreneurship.

While definitions are important for communication, arguments over what is and what is not entrepreneurship should not get in the way of understanding the entrepreneurial phenomena. Rather than attempting to adjudicate between the differing views of entrepreneurship or putting forth a new definition of the subject, we believe it is useful to focus on the process that produces entrepreneurial results. Our characterization of entrepreneurship is:

> Entrepreneurship is a process that takes place in different *environments* and *settings* which causes changes in the *economic system* through *innovations* brought about by *individuals* who generate or respond to *economic opportunities* that *create value* for *both* these individuals and society.

It should be noted that we do not consider creation of a new organizational entity as a necessary part of the entrepreneurial process but rather something that often occurs, for practical reasons, in the form of a new firm or a new entity within an existing organization.

Before looking further at the nature of the process itself, it is useful to examine the other components of this characterization. First, entrepreneurship can occur in different economic, social, and political environments. Second, within a given economic, social or political environment, entrepreneurship can take place in a number of different settings: new ventures; existing small or medium sized enterprises (SMEs); large-scale businesses; not for profit enterprises; or, as Osborne and Gaebler (1992) have so vividly described, governmental organizations. Third, innovations, by definition, create something new. If this creation does not involve economic well-being, no matter how important the creation may be in a physical, social or cultural sense, the innovation is not entrepreneurial. If, however, either the creating individual or someone else, sees an opportunity to apply this creation in a way which adds economic value to society and then implements the vision, then this individual is an entrepreneur.

We view the entrepreneurial process as having the following components:

- Create (or recognize) and develop an opportunity.

- Evaluate its desirability--its economic potential and the personal and financial risks involved.

- Marshal the resources needed to exploit it, including but not limited to the financial, managerial, technical and physical resources.

- Possess the will or tenacity to see the innovation through and the leadership to develop a followership.

- Manage the launch, including competitive and cooperative relationships and networks.

- Manage the downstream realization of the value of the opportunity including creation of value.

- As the organization grows, ensure that individuals throughout the organisation are able to repeat the process to realize opportunities by providing appropriate organizational structures, processes and behaviours, and by acting as a facilitator and role model--we refer to this as "managing the entrepreneurial process."

The entrepreneurial process is presented diagrammatically in Figure 3. Our observations in entrepreneurial corporations suggest that this is the key process in the organization, and that other systems and activities are configured to support this central process. In addition, we have observed that through the last step ("managing the entrepreneurial process") the leadership of the organization, either as entrepreneurs or working with successful entrepreneurs, strives to ensure that other would-be entrepreneurs understand how to undertake this process. We have also observed in companies that were once entrepreneurial, and this includes most successful companies, that this entrepreneurial process is blocked or diverted through attempts to "systematize" or "streamline" (bureaucratize) organizational processes. These efforts usually focus the organization not on broader opportunity, but on current technologies or product-markets served, therefore ensuring stagnation and the later need for transformation.

--Figure 3 about here--

In order to be entrepreneurial, a corporation must, by definition, permit individuals and teams throughout the organization to recognize and capture opportunity. Furthermore, the organization must be appropriately focused on value creation (vs. product and/or profit delivery) and regard the processes that map together technological innovations and customer needs as fundamental to the organization. As part of the value creation process, the organization must permit individuals to act and take risk as part of capturing opportunity.

Nature of Entrepreneurial Corporation

The nature of more entrepreneurial corporations have been partially described in several different streams of literature. The corporate venturing literature addresses elements of the style of these organizations (e.g., Block and MacMillan, 1993). In addition, some of the elements are discussed in some of the more popular management literature (e.g., Peters, 1990). We agree that there are many ways to integrate entrepreneurial activity within a corporate organization. One may accept entrepreneurial activity without modifying the core functions of the organization. This entrepreneurial activity may be accepted on an exceptional basis from individuals or in a more formal way through corporate ventures operating in parallel to the main organization. However, we have also observed (see Churchill and Muzyka, 1994) that there exists a class of organizations which are inherently entrepreneurial in nature. They do not maintain two personae: one more traditional and one more entrepreneurial.

There are five differentiating characteristics of these organizations. The first involves the nature of goals, organizational intent, and strategy. The second is the nature of the key process in the organization. The third is the perception of the role and motivation of people in the organization. The fourth is the nature and focus of the organizational infrastructure. The fifth is the nature and evolution of the "operational logic" of the organization. All outward appearances suggest that these organizations are "typical" in many ways: organization charts exist, accounts are presented in standard format, and individual executives' pictures appear in the annual reports. Differences appear when one looks at the nature of the goals, the level at which decisions are made, and the resource allocation process.

Goals and Strategy

One distinguishing characteristic of entrepreneurial corporations is that there is a growth imperative built into the goals of the organization. This acts to inspire management, teams and individuals not only to create innovative solutions in order to spark growth, but also to replace older opportunities that are nearing the end of their life cycle. Thus real growth does not always occur at a predictable rate, but rather there is relatively continuous renewing in the organization. Further, goals are both challenging and expressed in general terms[11]. In effect, the leadership of the company depends upon individual and group creativity and initiative to generate a better future. Future businesses and products are not all well defined, but there is continuous challenge in the system identify, select, and capture opportunity.

Due to the existence of new businesses and products in the pipeline at all times, the organizations appear to be more willing to manage the demise of marginal products. There is a continuous renewal of the economic portfolio as a result. Besides growth goals, strategic measures such as the percent of turnover which comes from products introduced within the last

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[11] The notions of "stretch goals" (Barlett and Ghoshal, 1993) and "strategic intent" (Hamel and Prahalad, 1989) fit well with the nature of organizational challenges in ECs. However, the nature of challenges appears to be less explicit than the definition of "strategic intent" would suggest. Sometimes the goals only define areas in which opportunities are basically sought.

few years commonly appear in these organizations. In the end, management in the organizations maintains a more evolutionary view: Adaptation within the organization cannot be accomplished without a focus on economic renewing.

In terms of strategy, corporate strategy appears to be more organizational in nature. The leaderships' strategic focus appears to be building and maintaining a dynamic, opportunity focused organization at both formal and informal levels, and guiding it into areas where a competitive advantage exists in either technology or knowledge of the customer. There is little expression, even in smaller ECs of traditional economic imperatives in strategy. However, there appears to be a common understanding within the organization that organizational goals may not be achieved without the continuance of high margins. This suggests a common understanding of the need to maintain "value added" economic strategies.

Goals and strategy are often expressed not only at the business level but at a very personal level through rich sets of examples (lore) and what appears to be behavioural guidelines. These are actively reinforced by management. In the ECs we have observed, there is a fundamental understanding on the part of each individual that they get ahead not by adhering to accepted behaviour or simply achieving budgets consistently, but by being associated with a new value creating opportunity (e.g., a new product).

Opportunity Process

We have observed that in true EC's, there is a bias toward opportunity and the processes which realize it. The entrepreneurial process we spoke about in the last section is fundamental to these organizations. It is operationalized in terms of the opportunity capture processes apparent in the organization. Within these organizations, there are multiple "paths" for opportunity to enter and be captured throughout the organization. There is long-term investment in new technologies to develop and capture new product-market opportunity. This more traditional development cycle is usually supported through extensive access to end users and markets. Once a technological position is established, these companies, through flexible allocation of resources and other mechanisms, act to exploit available market opportunity and to evolve into related opportunities in related products, markets, or technologies. In addition to traditional methods of opportunity capture, the entrepreneurial corporation is able to capture the "random" opportunity. These opportunities are identified and captured by a motivated work force with flexible access to appropriate knowledge and assets. In essence, while these organizations plan for opportunity capture, they also recognize what one successful entrepreneur once stated: "You can't make an opportunity, but you can put yourself in the way of them and be sensitive to them."

People

Special attention is paid in the ECs we have observed to the selection, acculturation, retention and motivation of people in the organization. The selection process appears focused on two components: one, selection of people who appear innovative and opportunity oriented (or capable) and maintenance of requisite diversity. While most companies would express themselves in wanting "achievers" or the "top of the class," the ECs we have observed are

careful to recruit individuals who have shown special initiative outside of the classroom and within the classroom. Furthermore, initial selection also involves the sometimes calculated view of whether the individual has a view to the organization as a "stepping stone" or a "home," i.e., a place they wish to grow and develop. The diversity issue is also key. While there is a recognition that diversity in knowledge, analytical frame, culture, etc. is somewhat expensive in organizational terms, there is also an understanding that without maintaining inherent diversity in the organization, adaptation is not possible.[12]

ECs also have a special focus on acculturation, sensitization and retention. Even medium-sized ECs appear to value the longevity of individuals within the organization. This appears to have several purposes. First, structured rules and systems may be minimized if individuals can accept and practice a few informal or semi-formal guidelines (e.g., Johnson and Johnson's credo). It takes time and effort to instill these behaviours and this behavioural understanding. Second, significant operational knowledge and network architecture are embedded in the people within the organization. Without this informal knowledge and communication, opportunity identification and capture are severely hampered (i.e., the organization would find it difficult to map technologies and capabilities onto customer needs). Third, responsibility is not instilled in an organization where individuals find it easy and/or preferable to exit upon encountering difficulties. Finally, the ECs appear to desire the maintenance of the corporation organization as not just an economic entity but a social one as well where recognition of one's peers is important. This type of a social entity may not be easily maintained or valued where there is high turnover. As a result of the need to acculturate, retain, and depend upon individuals, the maintenance of trust, loyalty and voice are a key focus of management (cf. Hirschman, 1970).

Finally, there is a central management focus on motivation, and not simply through financial means, but employee satisfaction through multiple dimensions. While requisite rewards are required in order to retain people and maintain the organization, they are interpreted multi-dimensionally. First, EC management appears to create value in organizational "membership." They work to maintain the value of membership as an ongoing reward. Second, management also ensures "competitive," though not excessive, remuneration. Third, EC organizations appear to religiously attempt to provide appropriate recognition. Management's role is not to capture the spotlight, but to ensure that those who really accomplished a value added task are identified and recognized for their accomplishments. Fourth, given the entrepreneurial or opportunity bias of the organizations, there is also recognized value or reward in the existence of mechanisms for individuals to "self-actualise" through being both challenged and enabled to identify and capture an idea or opportunity they perceived valuable.

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[12] 3M's management sometimes refers to this need for diversity in terms such as the need to have "farmers and the cooks" in the organization.

Infrastructure

There are three significant differences in the infrastructure of ECs and other corporations. The first, mentioned before, is the availability of resources. Resources are usually available through multiple paths to ensure that the bureaucratic "no" does not block innovation and opportunity. Resources are allocated incrementally, similar to venture capital firms, and with considerable ease at first but with increasing scrutiny as the bets grow larger. Finally, resource slack is planned in these innovative organizations and is well understood and documented.

The second difference is the ability to redeploy quickly and effectively the firm's assets and capabilities. The ECs seem to be acutely aware of their capabilities (call them competencies if you will). They are not "owned" by any one group and are accessible to anyone in the company who can add value. As entrepreneurs build on an opportunity ladder (i.e., the past opportunities evolve into future opportunities), these firms build a "capabilities ladder" watching the evolution of capabilities and transitioning them when their value wanes (and thus avoid the problem of "sticky assets"). In the end, the ability to deploy capabilities and resources to meet opportunities is a key focus of management.

The third infrastructure difference is the focus of management is on knowledge structures: the collection, indexing, communication and transfer of knowledge within the organization. A key organizational asset for ECs appears to be their knowledge and a key capability appears to be their ability to deploy this knowledge in any effort to develop and exploit opportunity. For instance, management in organizations such as 3M is acutely aware of the need to develop and share knowledge--while products belong to divisions, knowledge is a corporate asset. There are ad hoc information sharing forums, formal transmission of information (generally widely distributed) and informal (typically person to person) links built to ensure that information impaction is avoided. There are also mechanisms put in place to ensure that knowledge is recorded and developed.

Operational Logic

One of the more compelling aspects of the EC is the constant challenging of the operational logic, and the relatively easy transition from one operating paradigm to the next. The "dominant logic" of the organization (in the sense used by Prahalad and Betts, 1986) is usually fairly simple at the macro level. At an operating level, each business may possess an economically driven "dominant logic" which is always challenged by the question of: how do we create and maintain value for all stakeholders?

We may divide operational logic into a series of steps (see Figure 4). The first step is the information an organization senses or decides to sample. A second step is the translation and communication of what is witnessed to the organization as a whole and to specific individuals. A third step is the analysis of the information according to accepted or embedded algorithms. At this point, a decision is taken whether to act (and then reflect) or to simply reflect and observe again. The operational logic of the organization is embedded in the choice of what to sample, how to encapsulate and communicate the information through language and

channels, how to analyze what has been observed, how the triggers for action are activated and how to collate and organize the learning.

--Figure 4 about here--

As a consequence of implicitly understanding this cycle, management of ECs appears to be very conscious of the choice of language and symbols in the organization and the "lore" that develops and is conveyed. The organizations also seek to evolve what is sampled through constant testing of the internal perceptions.[13] There appears to be a continuing testing of the rules of thumb employed within the organization. Given the focus of the organizations, there is an overall orientation in the construction and maintenance of this operational logic that ensures a continuous orientation toward opportunity and external testing or bench marking of the relevance of the logic.

Regenerative Transformation

Introduction

The question now is, what agenda does this create for the transformation process and what structure does it impose for the nature of the transformation process? Following the logic of our argument so far, it would appear that in order to construct an entrepreneurial corporation, the architects of the transformation must look upon the change from the existing state to the EC on several levels. First, they would obviously have to look at the organizational level changes such as modifications in the nature of strategy, structure and process. Second, the organizations would need to focus heavily on further mobilizing and engaging their work force. This process results in a new "contract" between the organization and the employees. Third, they would have to review the nature and role of people in the organization and the composition of the work force. This activity is often engaged in with the active assistance of the work force. Fourth, as part of all of the above processes, they would need to review and renew the operational logic of the firm. And finally, as part of the process, they would have to build into the EC the ability to adapt and regenerate itself--within bounds of course.

In this section, we summarize some of our initial observations from field research in several companies undergoing transformations directed at enacting entrepreneurial corporations. These initial observations will form the basis for our further, more structured

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[13]One vivid example of this may simply be 3M's insistence that if we were to spend 18 months in and about the organization, that we then must sit down with the executive committee to share what we had observed and learned. In most organizations, unless the group has hired you for consulting purposes, they rarely insist on feedback at the highest levels.

explorations. We realize both the limitations and breadth of these observations but at this stage of research have strived to capture the "rich detail" in what we have observed. Having attempted to capture the elements and levels of the transformational processes, we now appreciate both the difficulties individuals have had in attempting to categorize and explain transformation, and the daunting task faced by executives in attempting to enact successful transformations. Indeed, one of the first difficulties, in fact, is in defining success.

The Transformation Process

The transformations engaged in by the would-be ECs are often precipitated by some external trigger or visible performance difficulty. These shocks finally shake management into making the investment in (1) repairing the current organization (creating a better fit with the current operating environment) and (2) enacting a new style of organization. The leadership in some organizations, where the shock is less traumatic but the need for change is apparent, has been known to "hype" or enhance the shocks in order to increase the focus of the organization on the difficulties and to enhance the sense of urgency individuals feel, thus helping to enact a new form of organization that profoundly changes what currently exists.

As part of the transformation, the leadership guiding the transformational process, along with their process consultants (either external or internal), appears to require an understanding of the following elements during the course of the transformation:

Understand what type of organization they are trying to create and the mechanisms they are trying to implant.

Appreciate the gap between the current state and the EC ("where are we, what do we need to change to get there").

Understand the possible tools to be used, behaviors needed and skills to be used in the transformation process.

Understand the differences in the required nature of the operational logic, with a special focus on what information is being sampled, how it is being processed and communicated, how it is being analyzed, and how learning is created.

A would-be EC must understand clearly the types of mechanisms or processes that must be implanted. Only by recognizing the specific characteristics required can management influence the development of appropriate skills, experiences and processes needed for the now-and-future company. We observe that these mechanisms include:

Strong opportunity focus (including multiple paths by which to identify and capture opportunity and to map technologies and capabilities onto market opportunities),

People development and allocation, resource allocation and reallocation,

Pervasive information transfer and democracy, and knowledge management,

Guided, decentralized decision making.

The clear focus on the goal and on the necessary mechanisms provides a standard to understand the gap between where the company is now, and where it should be. As the process of transformation begins, the tools and behaviors and skills and norms for the new EC are articulated, and specific plans are developed and implemented. The gap becomes both the focus and the challenge for everyone involved. For example, the need for rich information or knowledge sharing should trigger an evaluation of existing systems and creation of new formal and informal processes. A German company first made information totally democratic - everyone had access to everything - and then followed by learning how to ask each other questions, pushing for intelligent evaluation of the information available.

Our primary observation regarding regenerating transformation, is that it usually appears to operate at multiple levels. First, there is the "business goals and process" or organizational level of discussion that is undertaken as part of the transformation. This focuses on business goals, strategy and opportunity. Much of the overt discussion during the course of transformation workshops appears to be centered around and guided by a logical discussion of the state and functioning of the business. The second level at which the transformation process operates, less overtly of course, is the behavioral level. There is usually some discussion of the nature of the "behaviors" the organization needs to support it in the future, but much of the behavioral discussion is carried on and reinforced during the course of the "business process" discussions. The third level at which the transformation takes place is in the nature of the underlying analytical paradigms in the organization. Intersecting all these levels we find that organizations attempting to create an EC appear to spend considerable effort to ensure that the organization has processes in place to accept, encourage and accelerate the efforts of individuals to develop opportunities.

Obviously, the extent to which discussion or transformational process dwells or focuses upon any of the levels depends upon the degree to which change is required at that level. While there appears to be some commonality in the nature of the ECs which organizations want to create, the nature of the transformational path depends upon where they begin. We will now turn to discussing elements of each of the levels in the transformations we have observed.

Transformation: Organizational

The discussion of whether the organizational level of issues as part of the transformation follows a very predictable path. The issues addressed and some of the questions that are raised follow:

Current Assessment: What are the current direction, functioning and performance of the organization?

Goals: What are the business goals and what should our overall "stretch" goal be?

Focus: Is the focus on opportunity and how can we ensure that it is focused on opportunity?

Opportunity Portfolio: Has the organization captured the desired opportunity? What short and medium-term opportunities need to be captured?

Knowledge Assessment: Do we know, as an organization, what we need to? What areas do we need to improve?` How do we communicate and share information more effectively to realize opportunity?

Capabilities Assessment: What capabilities, technologies and competencies do we have to exploit? What opportunities make sense for us to exploit in light of these capabilities? What capabilities do we need to build?

Opportunity Capture System: Does our opportunity capture system operate well? Do we need to modify it to permit more individual action (i.e., individual entrepreneurial endeavors)? Does the opportunity capture system properly map our capabilities onto market opportunity? What changes and improvements will be required in the organizational systems and structure to enhance opportunity capture and improve organizational performance?

Resource System: What changes or improvements will be required in the nature of the resource allocation system to ensure that opportunities are properly funded and supported while maintaining reasonable returns on invested resources?

Measurement System: By what measures will we assess progress? How do we measure opportunity captured and lost? What adds real economic value? Does our system measure value added or short-term profit?

This series of questions usually appears to be a guiding framework for the transformation process. Effectively, the discussion moves through the following stages: (1) realization of the current state of affairs; (2) definition and communication of a desired future state; (3) analysis of the gap between current reality and the desired future state; (4) discussion of the nature of the portfolio of opportunities and the need for change in the portfolio; (5) realization of the current and required capabilities; (6) discussion of short, medium and long-term opportunities and the opportunity capture process; (7) analysis of changes required in organizational and infrastructure processes to ensure more flexible, opportunity-oriented deployment of organizational assets; and (8) the setting of an agenda for change (i.e., what opportunities need to be pursued and what actions taken?).

The objectives to be achieved by the organizational level of discussion appear to be fourfold. First, there appears to be a need to set and focus on a new goal for the organization, a new stretch goal. As part of this discussion, there is an obvious element that is focused upon the question of "what opportunity set does the organization wish to pursue?" Second, there appears to be a need to refocus organizational direction and process on capturing opportunity. In particular, this discussion is often the beginning of ensuring that appropriate systems are

installed to capture opportunity at multiple levels. Further, there appears to be a need to ensure that the "entrepreneurial process" we spoke of earlier, in whatever form it is adopted, is firmly seated in the business process of the organization. Finally, there appears to be a need to clarify the nature of capabilities or competencies of the organization, ensure they are understood, and to analyze whether the portfolio of competencies is appropriate to the opportunity set. Fourth, there appears to be a fundamental need to test whether the mechanisms by which the organization's infrastructure and resources are deployed will deliver on current and future opportunity (i.e., does the infrastructure deployment support opportunity capture).

Transformation: Behavioral

Few transformational processes operate without at least a partial focus on modifying behavior. Even restructuring, which is the most instrumental of transformation processes, attempts to indirectly modify behavior.

In attempting to enact an EC, organisations appear to be concerned about an agenda of behaviorally-oriented changes. Depending upon the current state of the organization, the changes required may be minimized. The list of behavioral elements includes the following:

Engagement: Ensure that individuals feel personally engaged, jointly responsible for organizational outcomes and oriented toward taking initiative and action as required.

Instilling Challenge: A major aspect of the behavioral transformation is to instill in each individual, to the extent possible, a sense of the personal challenge.

Opportunity Assessment: Both in terms of individual behavior and skills, the transformations observed also treat the search for opportunity during the transformation as an opportunity to build individual skills and instincts in this area.

Behavioral Orientation: A major signal during the transformations appears to be a shift from what entrepreneurial research (e.g., Stevenson, Roberts and Grousbeck (1989)) would refer to as a "resource" orientation toward a "value added" opportunity orientation. In essence, there appears to be constant pressure during the transformation toward pursuing opportunity and measuring whether actions will lead to real economic value added.

Roles and Responsibilities Assessment: A significant portion of the behavioral discussion also revolves around understanding of individual roles and responsibilities. Particular emphasis is on the need to assume responsibility for taking action and managing the consequences. Some other themes that emerge in the discussion center around self-discipline (as opposed to externally imposed discipline) and distributed leadership (permitting and taking responsibility for leadership based on task orientation and skills rather than position).

Entrepreneurial Process: Finally, the behavioral transformation also appears to involve training regarding the nature of what we have referred to as the entrepreneurial process.

As multiple paths to opportunity are explored explicitly in the organizational discussion, individuals are familiarized with "what it takes" to bring an innovation to fruition through their initiative. This process appears to often be instilled through active encouragement of those who have identified new opportunity that is "impacted" in the organization. They are actively encouraged and tasked to lead the opportunity through the system and bring it to fruition. This serves as individual and group training regarding the process as well as creating economic value for the organization.

As noted, the behavioral work appears more often as sub-text in the transformational discourse. There is a heavy emphasis on individual responsibility and the need for critical but thoughtful action at the individual and group level. Individuals are encouraged and trained on recognizing opportunities and are made to understand the reorientation of the "game" within the organization from building organizations to capturing opportunity and creating value.

Transformation: Reasoning and Knowledge

The third element in regenerative transformation, which appears to underpin the first two elements, is a focus on the way individuals, teams and the organization as a whole "reasons" and builds knowledge. During the process of transformation, especially in the case of renewing and regenerating transformations, there are multiple calls for "out of the box" reasoning. There is also significant testing of assumptions. This effort appears to be directed at testing current paradigms, "unfreezing" current thinking and the development of new analytical and learning paradigms (operational logic) in the organization. The effort to test the current operational logic and to determine if there are changes required appears in the form of a review of the following:

A Quest for What the Organization Knows and Samples: There appears to be an ongoing review of the information "strengths and weaknesses" in the organization. There also appears to be an explicit attempt, especially in reviewing the opportunity capture processes, to better understand what information the organization samples or detects.

How Information Is Communicated and Channeled: There is a great deal of time spent in the transformational processes on how to enhance communication. Often, overlapping (read inefficient) communication processes are suggested and enacted. Certainly the meetings generate a clear understanding of the need to communicate more.

The Nature and Orientation of Language Used to Communicate: The language and symbols used to communicate also appear to be a topic of interest as part of the transformational process. Often, new words and phrases are invented. There is also a review of how information that is captured is communicated (communication protocols) within the organization in terms of form.

Analytical Paradigms and Rules in The Organization: There appears to be an explicit testing of the explicit and implicit rules and procedures. Ferreting out the implicit decision rules is one of the most compelling parts of the transformational processes. The question

"why do you believe that?" is often echoed during the course of the transformational process.

The Way the Organization Learns: Clearly, the structural and process elements of an organization, in combination with the tacitly or explicitly agreed behavior of the organizational actors, play a great role in determining what and how organizations learn (Argyris and Schon, 1978). The question of how the organizations learn is rarely addressed directly. However, new learning styles are often embedded in the organization (e.g., questioning rather than telling). In addition, blanket permission is allowed to anyone to test operational logic on an ongoing basis. In one case, we have observed an explicit audit mechanism being enacted in order to provide a zero-based review of how the organization thinks and acts.

The end result of this element of transformation is a clear understanding of the nature of the thought processes behind organizational strategy, structure and process as well as individual behavior. There also appears to be a heightened sensitivity to the analytical frames one is applying in reviewing different types of problems and opportunities.

Transformation: People and Process

Finally, as part of regenerative transformations, our initial perspective is that the organizations appear to expend energy and time on explicitly ensuring that the organization is ready and able to actively promote opportunities being identified and pursued by individuals within the organization. The individuals need not be in a formal group or function dealing explicitly with new product development. Rather, the organization appears to be attempting to enact a "safety valve" to ensure that new opportunities are not lost. This is particularly important in the early stages of transformation when the organization and individuals within it are changing their organizational practices. Early and successful exploitation of new opportunities, which is enhanced by aligning organizational elements and processes properly, can only serve to further enhance changes in both behavior and the reasoning patterns of individuals within the organization.

--Figure 5 about here--

Figure 5 summarizes the apparent sequence of the elements of the business and organizational process, with which firms in transformation appear to be concerned. The first element is linked to the behavioral transformation of challenge. Individuals need to feel the general push to capture opportunity. Next is an almost parallel development of business and organizational processes designed to promote opportunity capture. On the organizational side, it appears that a strong sense of "empowerment" is an initial to exploration. This needs to be followed, and supported, by more open organizational access which permits individuals to get to those with knowledge, assets and administrative skills. Also needed is coaching and process support--including champions to aid them in the system. Finally, procedural justice is needed so that potential entrepreneurs are not stopped or harassed by an arbitrary, bureaucratic decision from some administrative committee or process. On the business side it appears essential that individuals have access to the technical and process knowledge networks within

the organization. The key first two steps appear to be widespread understanding what the firm is doing and what it is capable of doing. This appears to be closely followed by a need for more open customer access, access to slack and development resources, and some process which permits independent business recognition to successful new products, with all of the normal administrative benefits. Finally, individuals expect both recognition for their efforts and a share in the rewards.

Transformation: Measures of Success

The measures of success for initial transformational efforts appear to be (1) clear achievements of opportunity capture and a new orientation toward opportunity, (2) increased numbers of individuals engaging in entrepreneurial activity, and (3) new entrepreneurial behavior cascading through the organization. In the medium term, it may be possible to note an improvement in the economic performance of the business. During this time, each episode or example of individuals and groups taking initiative and creating value was celebrated in the organizations we observed. Returning to the previous discussion of entrepreneurship, leadership in organizations undertaking regenerating transformations appears to use the acts of individuals seizing opportunity as a key measure of transformational success.

Transformation: Future

As noted earlier, the company's employees must come to grip with the general and specific problems facing the company as part of the initial transformation enacting the EC. The nature of organizational direction, structure, process, behavior and analytical paradigms used in the transformation process leads to a stronger ability to adapt to a wider range of environmental conditions without the same level of trauma. The process of learning, analyzing and creating solutions is a time of growing variation in proposed solutions. As the employees try out their ideas, testing the results and looking for ones that work well, a process of selection and finally retention of the company specific solutions allows the company to achieve a greater level of effectiveness. The EC avoids future traumatic shocks by building into the new company endogenous triggers which force or restart the process of self-evaluation, creativity and testing[14]. In effect, the focused transformations within the organization become less traumatic and major organization wide transformation becomes less likely, because there is both less complacency about the success of the status quo (Miller, 1990) and because performance is not destroyed before embedded routines are challenged.

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[14] An example of this is Mettler-Toledo's "rolling" review, which requires each its business units to take their turn conducting a multi-level review of its operations effectiveness and efficiency. This is more than a strategic review in the old bureaucratic sense. Each organizational unit is challenged to reinvent itself and must undertake considerable justification as to why the existing state of operations should be maintained. The company also expects these focused transformations will provide spillover benefits to other units.

Proposed Research

We are proposing research is into the nature and process of regenerative transformation. We have found a few examples of such transformation and we are in the process of studying them further. This research is directed at better understanding of:

The nature and functioning of the entrepreneurial corporation (EC);

The elements management and their firms are attempting to integrate into their organizations in transformation to ECs (i.e., the agenda for change);

The objectives, structure and process for transformation from an initial state to an EC (i.e., the elements and direction of a regenerative transformation);

The selection of organizational strategy, structure, process and behaviour that are impacted as a result of the transformation and the sequence and nature of the changes that are implemented;

The evolution of the "operational logic" of the firm, with special emphasis on the changes in sampling strategies, encoding processes (language and communication structure), analytical algorithms, and learning process.

At this point, we have identified two research sites. The first is a division of the Swiss conglomerate, Ciba-Geigy. The work at this research site has already commenced and some reflections are included as part of this paper. The second site is a major division of the French conglomerate, Rhone-Poulenc (the agricultural chemicals or "Agro" division). We are currently framing the nature and processes to be employed in the research and would appreciate your suggestions.

Figure 1: Enacting A New Model

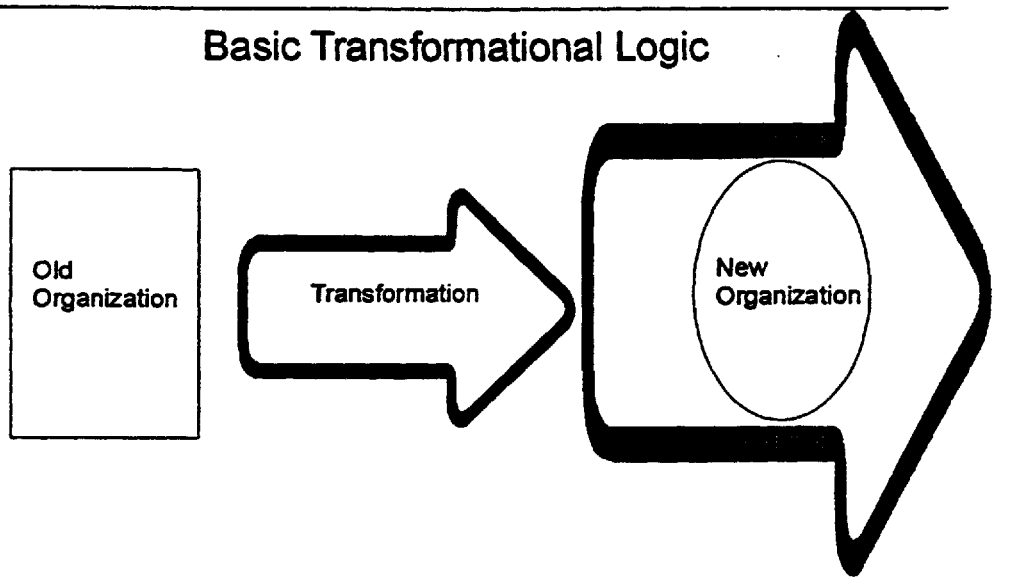


Figure 2: Transformational Styles

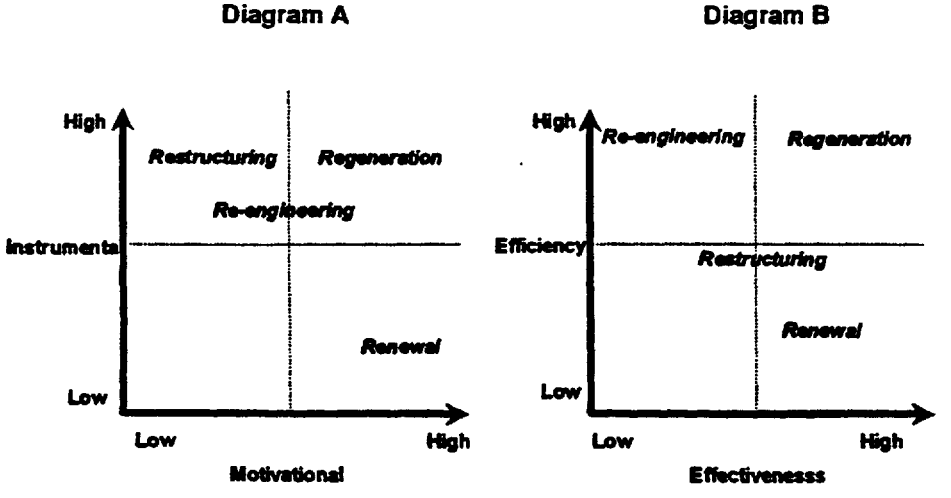
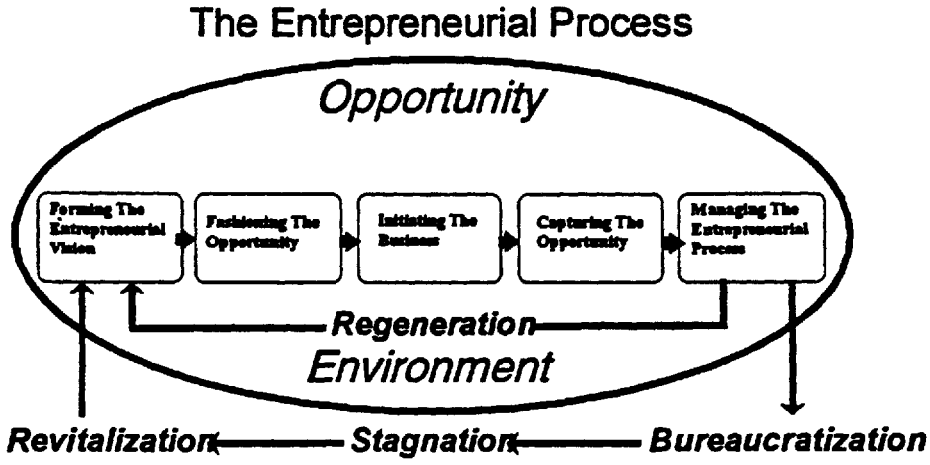


Figure 3: The Entrepreneurial Process



(c) 1995, DCA, Inc.

Figure 4: Operational Logic

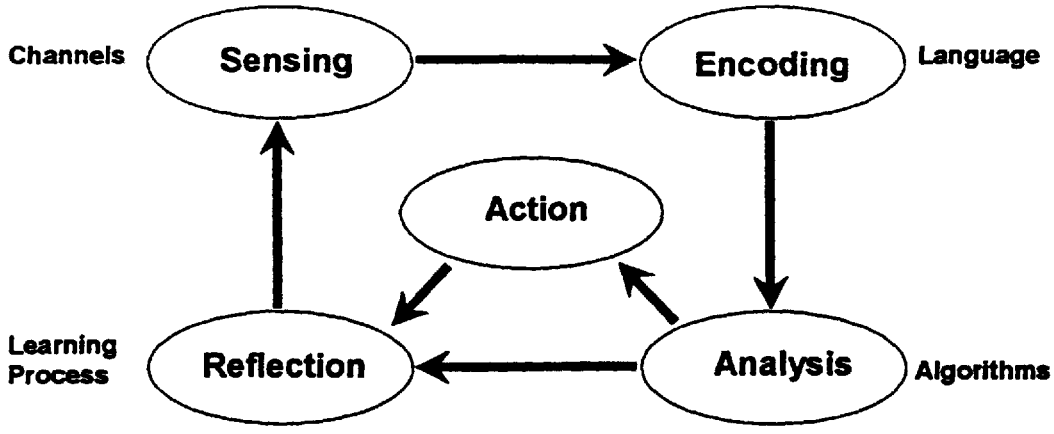
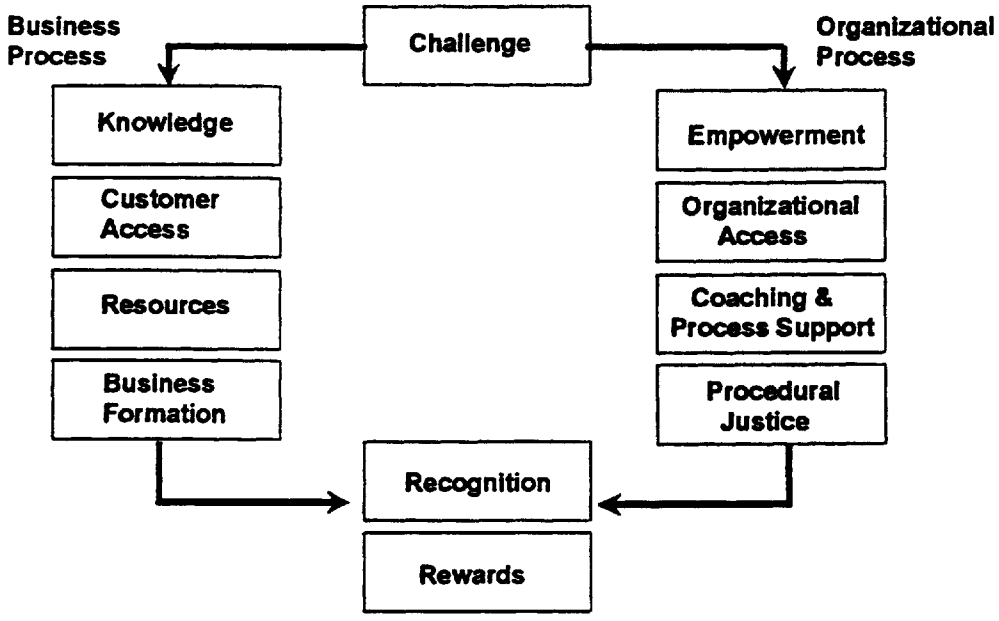


Figure 5: People and Process



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