## İlk Slayt

Good morning, everyone. I am Ozan Özdemir. Today, I would like to talk about subject entitled by New forms and multi-unit organizations: building on the fundamentals.

## İkinci Slayt

I organized the sections as follows. My main purpose in this presentation is to explain the subject in a way that everyone can understand. Therefore, I will try to define the technical terms in their simplest and understandable form. Now, I can move onto next slide.

## Üçüncü Slayt

Introduction. A single unit of analysis has been performed so far: a company, a division, a department, or a team. Now, we will look at multiple units of analysis, such as a joint venture, a merger, and a strategic alliance or partnership referring to putting the LEGO bricks together.

The number of mergers and acquisitions has not decreased much as a result of the financial crisis. According to Kiel Institute for World Economics, The database lists 1,515 merger cases for the period 1990 to 2000, with an increase from 1999 to 2000 of 492 cases. Thus, organizational designs of multi-unit organizations have become even more important than earlier.

How do you combine and create a new organizational unit based on new or existing units? It's the LEGO approach, where you place the pieces together to create a new design. To accomplish so, we'll need to know what the design should look like as well as the properties of the bricks we're working with.

## Dördüncü Slayt

Multi-organization: multiple units of analysis. At the first appearance, we could assume that these multi-organizations should be constructed differently from their simpler single-organization counterparts. This, however, is not the case. The basics of organizational design still hold and should be applied when managing multi organizations. Why?

To begin with, multi-organizations are not a new concept. These actions have been carried out by businesses for many years. We know that the majority of multi-organizational initiatives fail; nevertheless, companies that can manage the change process associated with joint ventures, mergers, and alliances to create an integrated, aligned organization are more likely to succeed.

Second, and perhaps more crucially, each of these multi-organizations is a separate entity with its own strategy, environment, configuration, distributed organization, people, leadership, climate, coordination, control, information systems, and incentives. Although the unit of analysis differs, the same step-by-step procedure applies. A joint venture, merger, or alliance can be analyzed in the same manner that a single company is. You can also look into misfits and make plans to transform the company. The tools are same. The issue is that when constructing these ventures, you must consider more than one unit of analysis.

## Beşinci Slayt

Each joint venture, merger, strategic alliance, or partnership has its own unit of analysis, but they are all strongly linked to their parent firms in ways that stand-alone organizations are not. We're looking at three organizations (units of analysis) in this case: the organization and its two parents. The three organizations are depicted in Figure. A and B join forces to form C which could be a joint venture, merger, alliance, or partnership. When considering a new organization of this type, you should look at all three organizations as well as the parents' relationships with the new organization, C.

## Altıncı Slayt

Sometimes A and B combine to become C, which resembles its two parents in terms of goals, strategy, people, leadership, and so on. However, A and B frequently combine to generate C, resulting in something entirely different from themselves. Instead of having similar design components, A and B may think of themselves as having complementarities, or dissimilar but compatible design components.

What should we do? To begin, you should look at C, the primary organization. Examine the parents, A and B, next. (If there are more than two parent organizations, look into them all, especially the ones that have the most influence on the new, main organization's design. Finally, look at the connection between C and its parent companies, A and B. Our argument is that when we look at C beside A and B, it becomes clearer.

## Yedinci Slayt

The multi-organization step-by-step approach. To analyze a multi-organization, here are the steps you should follow:

1. Analyze C as a separate organization applying our single organization step by-step approach. Remember that C is an organization with its own goals, strategies, environment, and so on (which includes A and B in the environment; this is very important). Here, you want to examine the misfits and possible changes for bringing C’s design components into alignment.

2. Analyze A separately using our step-by-step approach. Again, the emphasis is on the misfits within A and possible changes.

3. Analyze B separately using our step-by-step approach. Again, the emphasis is on the misfits within B and possible changes.

Even if they share some staff, goals, coordination and control systems, or other design components, it's crucial to look at A, B, and C as different organizations. Each one has its own unit of analysis and has its own organizational boundaries for the purposes of analysis and design. Analyzing each as a separate unit of analysis can help you to see points of fit and misfit, as well as indicate areas where organizational design might be changed, notably for C.

## Sekizinci Slayt

## The next step is to examine the relationships between A and C, and then B and C.

1. Examine the relations between A and C. Here, you want to analyze and understand:

* What goals does A have for C? What goals does C have for A?
* What results, outcomes, and outputs does A expect from C?
* What resources – leadership, personnel, and financing – does A give to C?
* What policies and limitations does A place upon C?
* What agreements and contracts does C have with A?

## Dokuzuncu Slayt

2. Repeat step 1 to examine the relations between B and C as above.

3. The next steps are to do a higher level of misfit analysis and possible changes.

a. Take the analyses above for A and C. Make two lists side by side – one for A and one for C. Then compare A and C on each of the dimensions from your analysis: goals, strategy, environment, etc. Many of these entries will be different, perhaps almost all. But focus on the different ones that will impede C in realizing its goals; these are significant misfits.

## Onuncu Slayt

b. Develop a list of changes in the relationship between A and C that will ameliorate these misfits and facilitate C in the accomplishment of its goals.

c. Repeat these steps for B and C.

4. Do a comparison of A and C with B and C. If these relationships are quite different, then there is likely to be conflict between A and B, which will make it difficult for C as it pursues its work. C then needs to address these issues and decide of whether to live with them or work with A and B for a solution.

Next, we'll look at how the same step-by-step approach can be used to three other forms of multi-organizations: joint ventures, mergers, and alliances/partnerships.

## On Birinci Slayt

## Joint Venture. The joint venture C is a company that receives resources and support from its parents, A and B, but it is mostly different. Joint ventures can take many various forms, both legally and practically. The legal structure of the joint venture might vary, depending on whether it is set up as a distinct legal entity with the parents as stockholders in some circumstances or as a separate legal entity with the parents as stockholders in others.

Applying the approach above, the first step in analyzing a joint venture is to do separate analyses of A, B, and C; and then turn to their relations.

As the business grows, the joint venture C should develop its organizational structure and evaluate its misfits.

## On İkinci Slayt

C should be evaluated as a separate unit of analysis. Then it should consider A and B's joint venture aims as well as the resources they are providing. Can C achieve its objectives? Are there enough resources? If there are misfits here, C, the new development laboratory, must choose whether to live with them or go to the parents for help.

## On Üçüncü Slayt

Merger. The merger is the result of A and B becoming a new organization, C. At first glance, you might think that A and B will go away as C is formed and can be ignored. But the shadows of A and B can be long. C cannot be understood alone without an assessment of where it came from. The people, climate, coordination, and control systems, and many other organizational design components of A and B will be imported into C and will influence C’s organizational design in significant ways. For this reason, an analysis of the C organization prior to its formation, and an assessment of the parents’ influence on C, can be very helpful.

## On Dördüncü Slayt

To evaluate the new, merged organization's design, conduct independent step-by-step studies of each of the three organizations, identifying potential mismatches and strategies to address them. Then look at the differences that result in misfits following the merging. The following is our recommended strategy:

1.Make two lists side by side. Then compare each of the organizational design components: goals, strategy, environment, etc.

## On Beşinci Slayt

2. Focus on the differences, as these will create variation in the particular dimension for the merged organization. Assess if these differences are important and how they should be handled. Develop a list of changes in the relationship.

3. Look at the misfits for the new potential organization. Consider how they should be addressed.

Let's go a little more specific about where the two businesses would be in our design space. Look at which quadrants the two businesses are in. A "simple" merger is achievable if the two units are in the same quadrant, and both are nicely aligned with no misfits. The next step is to determine which quadrant the two units are in.

## On Altıncı Slayt

Let us now turn our attention to the more problematic scenarios, such as the merging of two organizations that are not in the same quadrant. Essentially, the three procedures outlined above for assessing parents and forming a new organization should be followed. There is a question over where the merged firm should be located because the two companies are not in the same quadrant. The smaller organization will have to adapt in order to be taken over. Use the goal, environment, and strategy evaluations in step 1 to identify which quadrant to go to for more equal organizations. When one or both companies have misfits, this will also be the case.

## On Yedinci Slayt

Strategic alliance or partnership. A strategic alliance, sometimes known as a partnership, is a deliberate collaboration between many companies for the aim of conducting business jointly for mutual gain.

Alliances are contract-driven and can take many different forms, including supplier-manufacturer relationships, IP sharing in R&D, joint product development, and coordinated marketing activities.

People, leaders, infrastructure, and other organizational components of C are often assigned from the parent organizations and remain there as the partnership operates. In this sense, an alliance is the opposite of a joint venture or a merger in this regard.

## On Sekizinci Slayt

Nonetheless, preparation for an alliance's organizational design is critical. The parent organizations, A and B, should plan on defining the environment, strategy, configuration, and all other components of organizational design in addition to articulating the goals in the formal alliance agreement. The success of an alliance depends on a well-thought-out strategy.

Following our step-by-step approach to determining the organizational design components for C and their relationships to the parent companies is one way to do this. When building a strategic alliance, we recommend starting with an examination of the anticipated C organization and working your way through the steps provided. Then repeat for A and B, as well as any additional alliance members' parents. Then go on to the strategic alliances and parent organizations' higher-level misalignments. For a successful strategic alliance or collaboration, the examination and resolution of higher-level mismatches must be addressed.

## On Dokuzuncu Slayt

Summary. We looked at three different types of multi-organizations: joint ventures, mergers, and strategic alliances/partnerships. At least three organizations are involved in each: two or more parent organizations and the focal organization. The legal and contractual natures of a joint venture, merger, and alliance might be somewhat distinct from one another; nonetheless, their organizational design components are the same as any other organization.

As a result, they should be studied in a step-by-step manner utilizing a single organization, as explained before. The previously mentioned relationship analysis can then be utilized to find higher-level misfits, revealing incompatibilities between the C organization and its parents. Then you arrange for the necessary improvements to improve alignment between C and its parents, A and B, so increasing C's information capacity and improving its ability to achieve its objectives.

## Yirminci Slayt

Thank you for your attention.