

Organizing for Innovation at Glenmark (A)

Mari-Liis Laiverik
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BUS 455 Case Study

Company Background
TheCaseSolutions.com

- Established in 1971, rubber production
- Expansion into producing plastic additives, fire protection products, and medical plastics
- Founding Huber family still owned 100% stock

International Expansion Strategy
TheCaseSolutions.com

Problems and Issues

- Integration issues: what does it achieve?
- Strategic Issues: Comparing subsidiaries
- Operational Issues: Corporate targets out of touch, no overarching corporate vision
- Structural Issues: Capital allocation, divisional reporting systems, group policy, product losses due to product expansion focused by US

Evaluation of Organizational Changes
TheCaseSolutions.com

- Becoming a majority shareholder
- New Corporate Reporting System
- Negative effect between offices
- Capital Required Funds
- No change in the structure of Subsidiaries, only financial consolidation

Reasons for Failure

- No clear strategy
- Lack of unity
- Only financial consolidation
- Inequality between organizations
- Home office just wanting to benefit
- Sharing information, but not sharing knowledge
- No identification of common view

Recommendations

Starting Point

- Develop a clear strategy
- Identify common goals
- Share information and knowledge
- Identify common view

Risk

- Loss of unity
- Inequality between organizations
- Home office just wanting to benefit

Verdict

- Home office just wanting to benefit
- Loss of unity
- Inequality between organizations
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- Established in 1917- rubber production
- Expansion into producing plastic additives, fire protection products, and medical plastics
- Founding Fisher family still owned 10% of stocks



Products

Consumer products: Grease-B-Gone
Fire Protection Products
Medical Plastics

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Kent Chemical International

- Exports
- Licensing Agreements
- Minority Joint Ventures

Change in 1998:

"Our goal is to remake Kent from a U.S. company dabbling in international markets to one that develops, manufactures, and sells worldwide."

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International Expansion Strategy

Problems and Issues

- Integration attempt: what does it achieve?
- Strategic Issues: Competing subsidiaries, corporate targets out of touch, no overarching strategy
- Structural Issues: Capital allocation, strenuous reporting systems, geographic/product issues (ex: UK product expansion blocked by US)

Deeper Problems

- Regional management was ineffective and provided few benefits for subsidiaries
- Many leaders with US-based experience only or a primary focus on the domestic branch
- GBD functions ill-defined & undervalued
- Conflicted management
- Corporate culture seems ethnocentric

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Global Business Directors (GBDs)

- Three GBDs for the main business lines
- The roles of GBDs were not well defined
 - Each had different understandings of their role
- No enthusiasm and cooperation shown with the reorganization
- *“GBDs lacked the credibility and power to get things done”*

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Introduction of World Boards

- Composed of managers from domestic and international organizations
 - Geographic, product, and functional expertise all represented
- Responsible for developing strategies for global business
- Reasons for failure:
 - Hesitation from managers
 - “Too big to succeed”
 - Lack of Unity