

Index

- 3M 2
 incubator model 4, 5
 activity-based costing 4
 Adhocracy (Mintzberg) 28
 Allentoft, Jesper (Chr. Hansen) 155
 Asia, commitment to renewable energy 79–80
 authority
 see decision rights
- Barney, Jay B. 17–18
 Bendixen, Claus 193–4
 Birkinshaw, Julian 5, 39
 Boston Consulting Group (BCG) 122, 149–51
 Brun, Peter C. (Vestas Wind Systems) 97–8
 Bundgaard, Nils (Coloplast) 124
 business process re-engineering 25
- capabilities of a firm 2, 20
 building capabilities for the future 37
 role in corporate success 15
 see also dynamic capabilities
- case studies
 introduction 8–11
 organizational designs and management
 practices 217–20
 research project 11–13
 see also Chr. Hansen; Coloplast; IC
 Companys; LEGO Group; NKT Flexibles;
 Vestas Wind Systems
- Chandler, Alfred 39
 Chesbrough, Henry 10
 China, commitment to renewable energy
 79–80
- Chr. Hansen 138–64
 CEO Lars Frederiksen 138–40, 144–7, 148,
 149, 151, 152–3, 154–5, 156–7, 161–2
 clarity of goals 156
 collaborative ties with PAI 151–4
 communication free of bureaucracy 156–7
 criticisms of PEFs 138
 cultural stagnation prior to sell-off 144–7
 delegation within fixed boundaries 154
 dimensions of innovation 221–2
 employee performance development 158
 experience of PEF ownership 138–40
 falling sales prior to sell-off 143–4
 financial achievements since PAI
 ownership 161–2
 future challenges 162
 global sales division 150–1
 goal-setting and the follow-up process
 225–30
 history 140–1
 impetus for management innovation
 143–7, 235–6
 incentive structure 156, 233
 initial assessment by the PEF 148–51
 investment strategy of the PEF 151–4
 management appraisal by PAI 148–51
 management incentives 156, 233
 management reshuffle 154–5
 PAI Partners takeover 148–51
 people management 232–3
 Performance Development Interviews
 158, 160
 product divisions 141–3
 product-oriented organizational structure
 149–51
 products 141–3
 questions for discussion 163–4
 recent developments 161–2
 role of the Board 152–4
 sale process 147–8
 separation from ALK-Abelló 143–4
 strategic assessment by PAI 148–51
 summary 162–3
 ties between a PEF and the acquired
 company 151–4
 value-creation strategy 149–54
- Christensen, Lars Seier (Coloplast) 129
 Coase, Ronald 29
 Coloplast 105–37, 225
 building a world-class organization 121–4
 business areas 110–12
 CEO Sten Scheiby 105–10, 119, 120, 121,
 128, 134

- commercial excellence function 108, 121–5
- communication to mediate change 124–5
- concerns about the new innovation approach 134–5
- creativity 108–10
- customer-driven innovation 129–32
- dimensions of innovation 222
- external R&D 132–3
- functional organizational structure 119–21
- global mindset 119
- Global Operation function 113–14
- history 110–12
- impacts of healthcare reforms 114–17
- impetus for management innovation 236
- incentive structure 233
- Incubation unit 133–4
- innovation challenges 241
- innovation in the wound care market 128
- innovation processes 107–8, 125–9, 129–34
- lean principles 105, 121
- Mentor acquisition 111–12, 118–19, 126
- New Business Lab (NEBULA) 134
- open innovation activities 132–3
- organizational restructuring 105–10, 119–21
- ostomy care 110–12
- people management 233
- productivity improvements 113–14
- questions for discussion 136–7
- R&D restructuring 105, 108–10, 125–9, 132–4
- relocation of production 113–14
- reporting procedures 124
- resistance to change 124–5
- sales and marketing 108, 119, 122
- socially complex resources 19
- squeeze on profit margins 114–17
- standardization 108–10, 113–14, 121
- strategic outlook 113–14
- summary 135–6
- US market 111–12, 117–19, 126
- user-driven innovation 129–32
- communication
- Chr. Hansen 156–7
 - Coloplast 124–5
 - LEGO Group 58–61, 234
 - management innovation 233–4
 - Vestas Wind Systems 91–2, 234
- competencies of a firm 2, 20
- competitive advantage
- maintaining 23
 - role of resources and capabilities 15
 - sources of 1–4, 6–7
- contextual setting
- see* impetus for management innovation
- corporate success
- causes of differential corporate performance 16–17
 - history of the search for 1–4
 - role of resources and capabilities 15
- culture
- see* organizational culture
- customer role in innovation
- see* stakeholder involvement in innovation
- Darwin, Charles 216
- decision rights 29–31, 33, 38
- delegation
- IC Companys 231–2
 - NKT Flexibles 232
- deregulation 2
- differentiation concept 15
- discounted cash flow 4
- divisional structure *see* M-form
- Divisionalized Form (Mintzberg) 28
- DuPont 2–3, 39
- dynamic capabilities 2, 8–9, 11
- economic approach to organizations 28–31
- Egon Zehnder International 148–9
- employee development
- IC Companys 189–91
 - see also* HR management innovation; people management
- employee reward systems
- see* incentive structure; reward systems
- Enercon GmbH 80–1, 82–3
- Engel, Ditlev (CEO Vestas Wind Systems) 72–4, 84–6, 86–8, 90, 91–2, 95, 99–100
- Europe, commitment to renewable energy 80–78, 80
- five forces framework (Porter) 1–2
- Flextronics 56–61
- Frederiksen, Lars (CEO, Chr. Hansen) 138–40, 144–7, 148, 149, 151, 152–3, 154–5, 156–7, 161–2
- Fritz, Robert P. (Vestas Wind Systems) 90–1

244 INDEX

- Galbraith, Jay R. 21
 Gamesa 80–1, 84–2
 GE Wind 80–1, 82
 globalization 2
 influence on business models 36–7
 GM (General Motors) 2–3, 39
 goal-setting and the follow-up process 225–30
 see also performance measurement and reporting
 Goldwind 80–1, 83–4
- Hamel, Gary 5
 Harder, Mie 40
 HR management innovation 224–5
 strategic use of HR function (IC Companys) 189–91
 see also incentive structure; people management; performance; reward systems
 IC Companys 165–97
 background 169–80
 brand-based organization 166–9, 184–6, 190–4
 brand-specific activities 188
 brands 169–80
 centralized purchasing 184
 CEO Henrik Theilbjørn 165–9, 181, 184, 185–6, 189, 190–1, 194–5
 commercial approach to design 182–3, 194
 commercial focus 182–4
 decentralized organization 166–9, 190–1
 defining boundaries between brands 191–4
 delegation 231–2
 dimensions of innovation 222–3
 economies of scale 186–9, 191–3
 employee development initiatives 189–91
 future challenges 194–5
 impacts of the 2001 merger 165, 180
 impetus for management innovation 165, 180, 181–2, 235
 innovation dilemmas 236–41
 internal SLAs 191–3
 IT standardization 184
 IT support 187
 KPI reporting 186
 leadership academy 190
 management recruitment strategy 189–91
 marketing 183–4, 193–4
 markets 169–80
 multibrand strategy 166–9, 187–8, 190–4
 organizational restructuring 165–9
 outlet division profitability 184
 payment for shared services 188–9, 191–3
 performance measurement 186
 “plug and play” structure 187–8
 questions for discussion 196–7
 rescue plan 181–2
 retail academy 190
 shared platform 186–9, 191–3
 strategic changes 165–9
 strategic clarification 184–6
 strategic use of HR function 189–91
 summary 195–6
 impetus for management innovation 234–6
 Chr. Hansen 143–7, 235–6
 Coloplast 236
 IC Companys 165, 180, 181–2, 235
 LEGO Group 53–4, 234–5
 Vestas Wind Systems 99–100, 235
 incentive structure
 Chr. Hansen 233
 Coloplast 233
 Vestas Wind Systems 233
 see also reward systems
 incentives, organizational rights 31–3
 income rights 30, 31, 38
 incremental improvement over time 22
 Incubation unit, Coloplast 133–4
 incubator model, 3M 4, 5
 India, commitment to renewable energy 79–80
 innovation
 and competitive advantage 37–9
 building knowledge about 39–40
 innovation challenges
 Coloplast 241
 IC Companys 236–41
 LEGO Group 19, 48–9, 236
 NKT Flexibles 241
 Vestas Wind Systems 241
 innovation processes, Coloplast 107–8, 125–9, 129–34
 intellectual property (IP) issues
 LEGO Group 49
 NKT Flexibles 207
 Interface Biotech 133–4
- Jakobsen, Henning (Chr. Hansen) 152, 155
 Jakobsen, Roald (Vestas Wind Systems) 93
 joint industry project (JIP), NKT Flexibles 211

- Kates, Amy 21
 key ideas 7–8
 Knudstorp, Jørgen Vig (CEO, LEGO Group)
 10, 23, 33, 41–6, 50, 51–2, 57, 67–8, 234–5
 Kolind, Lars 4
 KPIs and performance reporting 225–30
 IC Companys 186
 Kruse, Peter W. (Vestas Wind Systems) 99
- lean principles, Coloplast 105, 121
 lean production system 4, 30
 LEGO Group 41–70
 association with Flextronics 47, 56–61
 CEO Jørgen Vig Knudstorp 10, 23, 33, 41–6,
 50, 51–2, 57, 67–8, 234–5
 communication issues 58–61
 communication with LEGO fans 234
 core principles 50–1
 cultural impacts of change 23
 customer age-group segments 50–1
 customer involvement issues 48–9
 decision rights 33
 digitalization opportunities 49–50, 65–6, 66–7
 dimensions of innovation 223
 financial development 52–3
 future expectations 54–5
 history and background 50–1
 impacts of relocation and outsourcing
 58–61
 impetus for management innovation 53–4,
 234–5
 intellectual property issues 49
 LEGO Mindstorms 2.0 and NXT 63–4
 LEGO Universe MMOG 66–7
 markets 53–4
 open innovation dilemmas 236
 open innovation model 9–10
 organizational structure 230–1
 organizational transformation 67–8
 outsourcing of production 56–61
 permeable organizational boundaries 49–50
 product development 61–4
 production relocation 47, 55–61
 products 53–4
 protection against imitation 19
 questions for discussion 69–70
 retailer involvement in product
 development 63
 stakeholder involvement in product
 development 61–4
 strategic mistakes in the 1990s 53–4
 summary 68–9
 supply chain optimization 47, 55–61
 transforming the cost base 47
 turnaround plan 41–6
 user involvement in product development
 61–4
 value chain restructuring 55–61
 values and cultural heritage 51–2
 virtual reality development 65–7
 workforce reductions 58
- liberalization trend, influence on business
 models 36–7
 Lincoln Electric 2, 22, 30, 33–6
- M-form (multidivisional form) 2–4, 5, 6, 30, 39
 Machine Bureaucracy (Mintzberg) 28
 Madsen, Finn Strøm (Vestas Wind
 Systems) 94
- management innovation 5, 37–9
 adaptability 216
 aspects of 217
 breadth of innovation 220–4
 building knowledge about 39–40
 communication 233–4
 contextual setting 234–6
 Danish case studies review 217–20
 definition 216–17
 delegation 231–2
 depth of innovation 220–4
 dilemmas, conflicts, and trade-offs 236–41
 dimensions of innovation 220–4
 goal-setting and the follow-up process
 225–30
 HRM innovations 224–5
 impetus for change 234–6
 incentive structure 233
 key changes in case studies 224–34
 KPIs and performance reporting 225–30
 management processes 8
 new opportunities 216
 organizational design 8
 organizational innovations 224–5
 organizational structure 230–1
 people management 232–3
 strategic innovations 224–5
 systemic nature 224
 types of innovations 224–5
see also impetus for management
 innovation

246 INDEX

- management innovations perspective 4–6
- management processes
 - advantages arising from 24–7
 - comparison with the competition 22
 - creation of appropriable value 27–36
 - creation of new strategic resources 7–8, 11
 - definition 21
 - influence of cultural factors 23–4
 - link with management innovation 8
 - maintaining competitive advantage 23
 - need to renew and adapt 36–7
 - organizing resources 21–3
 - potential for imitation by competitors 22–3
 - proactive approach 8
 - research project 11–13
 - strategic management role 2–4
 - as strategic resources 6–7
 - traditional perspective 10–11
- management structure, brand-driven (IC Companys) 184–6
- Marstrand, Ditte (IC Companys) 189, 190
- Martinsen, Niels 165
- mergers, formation of IC Companys 165, 180
- Meunier, Bertrand (PAI) 148, 151–2
- Mintzberg, Henry 28
- Mol, Michael 5, 39
- multidivisional form
 - see* M-form
- Nielsen, John Raabo (Coloplast) 132–3, 225
- Nipper, Mads (LEGO Group) 64
- NKT Flexibles 198–215
 - background 199–201
 - collaboration with universities 208–10, 211
 - competitors 203–4
 - cooperation with suppliers 211–13
 - creative initiatives 208
 - customer involvement in product innovation 211
 - customers 204–5
 - delegation 232
 - dimensions of innovation 222
 - external partners 205–8
 - flexible pipe systems 199–201
 - Flextreme concept 202
 - innovation activities 205–8
 - Innovation Board 208
 - innovation challenges 198–9, 213, 241
 - IP rights policy 207
 - joint industry project (JIP) with other companies 211
 - logistics 203
 - market 203–5
 - open innovation strategy 198–9, 205–8, 213
 - outsourcing of R&D 205–8
 - product innovations 201–2
 - products 199–201
 - questions for discussion 214–15
 - R&D Manager Niels Rishøj 198–9, 202, 203, 205, 206, 207, 211, 212–13
 - stakeholder involvement in innovation strategy 208–13
 - summary 214
 - suppliers 203
 - ultra-deepwater pipe innovations 202
 - value chain management 203
- Nordex 80–1
- Olesen, Mikkel Vendelin (IC Companys) 185–6
- open innovation 10
 - Coloplast 132–3
 - LEGO Group 9–10, 236
 - NKT Flexibles 198–9, 205–8, 213
- organizational culture
 - influence on organizational change 23–4
 - rights and entitlements 30–1
- organizational design
 - advantages arising from 24–7
 - comparison with the competition 22
 - creation of appropriable value 27–36
 - creation of new strategic resources 7–8, 11
 - definition 21
 - influence of cultural factors 23–4
 - link with management innovation 8
 - maintaining competitive advantage 23
 - Mintzberg's classification 28
 - need to renew and adapt 36–7
 - organizing resources 21–3
 - potential for imitation by competitors 22–3
 - proactive approach 8
 - research project 11–13
 - strategic management role 2–4
 - as a strategic resource 6–7
 - traditional perspective 10–11
- organizational innovation 37–40, 224–5
- organizational practices, and performance 26

- organizational restructuring
 - Coloplast 105–10, 119–21
 - IC Companys 165–9
- organizational structure
 - brand-based (IC Companys) 166–9
 - decentralized (IC Companys) 166–9, 190–1
 - LEGO Group 230–1
 - M-form (multidivisional form) 2–4, 5, 6, 30, 39
 - “plug and play” structure (IC Companys) 187–8
 - product orientation (Chr. Hansen) 149–51
 - U-form (unitary form) 3
 - Vestas Wind Systems 231
- organizations
 - conceptualizations of 27–8
 - economic approach 28–31
 - macro-views of 27–8
 - as structures of rights 28–31
- Oticon 2, 22–3
 - spaghetti organization 3–4, 5, 30
- Ottosson, Jonas (IC Companys) 185
- outsourcing of production, LEGO Group 56–61
- outsourcing of R&D
 - Coloplast 105, 108–10, 125–9, 132–4
 - NKT Flexibles 205–8
- Padda, Iqbal Bali (LEGO Group) 47, 60
- PAI Partners *see* Chr. Hansen
- Pallesen, Lisbeth Valthier (LEGO Group) 67
- PEF ownership *see* Chr. Hansen
- People & Culture unit (Vestas Wind Systems) 93–5
- people management
 - Chr. Hansen 232–3
 - Coloplast 233
 - Vestas Wind Systems 93–5, 232–3
 - see also* employee development; HR management innovation
- performance
 - and specific organizational practices 26
 - influence of organizational rights 31–3
- Performance Development Interviews (Chr. Hansen) 158, 160
- performance measurement and reporting
 - Chr. Hansen 158, 225–30
 - Coloplast 124
 - employee performance measures 30
 - IC Companys 186
 - KPIs 186, 225–30
 - Vestas Wind Systems 225–30
- Petrobras 211
- “plug and play” structure, IC Companys 187–8
- Porter, Michael 1–2
- product-based organizational structure *see* M-form
- product market strategies, influence of resources on 16–17
- production relocation
 - Coloplast 113–14
 - LEGO Group 47, 55–61
- Professional Bureaucracy (Mintzberg) 28
- quality circles 4, 5
- R&D outsourcing
 - Coloplast 105, 108–10, 125–9, 132–4
 - NKT Flexibles 205–8
- Rasmussen, Lars (CCO, Coloplast) 105, 107, 118, 119, 124, 133
- reporting
 - see* performance measurement and reporting
- Repower 80–1
- research project, organizational design and management processes 11–13
- resource-based view of strategic management 17, 20
- resources
 - building resources for the future 37
 - characteristics of 17–18
 - criteria for strategic resources 17–19
 - efficient organization of 22
 - influence on product market strategies 16–17
 - nature of 15
 - organizing 21–3
 - role in corporate success 15, 16–17
 - see also* strategic resources
- reward systems 30, 31, 38
 - Vestas Wind Systems 94–5
 - see also* incentive structure
- rights
 - and organizational culture 30–1
 - decision rights 29–31, 33, 38
 - income rights 30, 31, 38
 - influence on employee performance 31–3

248 INDEX

- rights (cont.)
 - organizations as structures of rights 28–31
 - role in value creation and appropriation 31–3
- Rishøj, Niels (R&D Manager, NKT Flexibles) 198–9, 202, 203, 205, 206, 207, 211, 212–13
- Scheiby, Sten (CEO, Coloplast) 105–10, 119, 120, 121, 128, 134
- Sears 39
- Sears Roebuck 2
- Siemens 80–1
- Siemens Wind (Bonus Energy) 83
- Simon, Herbert A. 29
- Simple Structure (Mintzberg) 28
- Six Sigma 25, 89
- Skole, Lene (Coloplast) 105
- SLAs, within IC Companys 191–3
- spaghetti organization (Oticon) 3–4, 5, 30
- stakeholder involvement in innovation
 - Coloplast 129–32
 - LEGO Group 61–4
 - NKT Flexibles 208–13
- Standard Oil of New Jersey 39
- standardization, Coloplast 108–10, 113–14, 121
- Stévenin, Frédéric (PAI) 152–3
- strategic innovations 224–5
- strategic management
 - causes of differential corporate performance 16–17
 - multibrand strategy (IC Companys) 166–9, 187–8, 190–4
 - resource-based view 17, 20
 - resources and capabilities 15
 - role of management processes 2–4
 - role of organizational design 2–4
 - sources of competitive advantage 1–4
- strategic resources
 - cost to imitate 18–19
 - cost to substitute 18–19
 - creation of new strategic resources 7–8, 11
 - criteria for 17–19
 - dynamic capabilities 2, 8–9, 11
 - HR function (IC Companys) 189–91
 - management processes 6–7
 - organizational design 6–7
 - rarity criterion 18–19
 - search for “Holy Grail” resources 18–19
 - value criterion 17–19
- supply chain optimization, LEGO Group 47, 55–61
- Suzlon Energy 80–1, 83
- systemic nature of management
 - innovation 224
- tacit knowledge 19
- Terney, Lars 138
- Theilbjørn, Henrik (CEO, IC Companys) 165–9, 181, 184, 185–6, 189, 190–1, 194–5
- total quality management (TQM) 25, 30
- Toyota 2
 - lean production system 4, 30
 - quality circles 4, 5
- Toys-R-Us 63
- U-form (unitary form) 3
- US market, Coloplast 111–12, 117–19, 126
- USA, commitment to renewable energy 79
- user role in innovation
 - see* stakeholder involvement in innovation
- value chain management
 - LEGO Group 55–61
 - NKT Flexibles 203
- value creation and appropriation 1–2, 27–36
 - incentives and motivation 31–3
 - role of organizational rights 31–3
 - sustaining performance 33–6
- Vestas Wind Systems 72–104
 - CEO Ditlev Engel 72–4, 84–6, 86–8, 90, 91–2, 95, 99–100
 - collapsed wind turbines problem 100
 - communication 234
 - competitors 80–1, 84
 - Constitution 89–91
 - deteriorated customer satisfaction 99–100
 - dimensions of innovation 223
 - employee bonus schemes 94–5
 - external communication 92
 - external positioning 95–7
 - global information campaign 99
 - goal-setting and the follow-up process 225–30
 - Government 86–8
 - governmental relations 97–9, 234

- history 74–5
- impetus for management innovation
 - 99–100, 235
- incentive structure 233
- industry 75–81
- innovation challenges 241
- internal communication 91–2
- KPIs and performance reporting 225–30
- lobbying 97–9, 234
- making changes stick 95–7
- markets 75–81
- mission 87
- need to convey a new image 72–4
- organizational structure 231
- People & Culture unit 93–5
- people management 232–3
- positioning for the future 100–2
- questions for discussion 103–4
- region-based political incentives 80
- regional commitment to renewable
 - energy 80
- reporting 88
- role of Robert P. Fritz 90–1
- shared company culture 93–5
- summary 102–3
- values 88
- vision 88–7
- “The Will to Win” strategy 84–6
- Wal-Mart 63
- “The Will to Win” strategy, Vestas Wind
 - Systems 84–6
- Williamson, Oliver E. 29
- Worning, Jørgen 148