

The Class Reminiscences of Oct 16!!!

The organization is an essential actor throughout innovation, although some of them were designed to solve a specific need instead developing continual innovation. Hence, usually the adoption of the innovation is not reachable at a fast pace, so ¿what is an ideal organization? From Oxford dictionary, an organized group of people with a particular purpose represent an organization, thus, ¿what purpose are they searching for?, probably be profitable, or sustainable, or efficient, and so on.

Additionally, every country has its own rules to start a company, if we consider enterprises as our subject of interest. Therefore, any business could apply for a variety of industries, such as, transportation, manufacturing, entertainment, and farming, among others. Whatever the niche, the goal of a company is to have a positive balance sheet. As a legal economic and social entity, companies follow cycles of exchanging or exploiting good and services, transforming them into new inputs or outputs. So, the first purpose of any business is the creation of **economic value**, and in order to do so it defines the common features, such as, mission and vision, structure, functions, shareholders and activities.

As far as we know, innovation is not neutral and companies can adopt either an **open or close innovation type**. For instance, through vertical structures the open innovation struggles to push new ideas if those are conceived “out of the box”.

From the **Porter’s value chain** perspective, a unit business is a set of activities derived from strategic goals in order to improve value throughout the design, production, selling, delivery and support of the outcomes. The activities can be primary or supportive, which means the primary activities engage production of outcomes (from the logistics to production) meanwhile support activities provides support to primary activities (from human resources to procurements). Then, the margin is also considered, since represents the income of the company.

The transition from open to close innovation implies trades off and structure changes. For instance, from internalization and non dependency to externalization and flexibility, from limited knowledge to abundant knowledge but also increasing instability. In general, the **functional organizations** concentrate uncertainty at the top level which is not perceived at the low level or bottom functions. Moreover, the power in top down management is not homogeneous through business units, inducing latency in the respond to hard competitors as big companies. From the **divisional organizations**, all the functions are duplicated for any product, increasing autonomy and uncertainty, i.e if one division fails it is close without affecting the others. With **matrix organizations** the role of vice president, is allocated at the middle management level, producing an intersection between products and VPs, being more flexible but also complicated to manage, i.e. shared human resources. The **constellations or networks organizations**, also engages innovation, translating the core of the business to the centre, and interacting with innovative groups like a mesh net, although there is a lack of control. Another approach is the **Spaghetti** which is not an organization, since there is not any hierarchy, neither roles nor facilities, just problems. The employee received an issue from the board and work on it, this approach is highly knowledge intensive (i.e. Oticon, Denmark).

Hope this helps! All the best,

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