

Case analysis by team bolt



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This report seeks to conduct a critical analysis of W. L. Gore Associates; looking specifically at their global strategy, global organizational structure, leadership and their human resource practices.

The case examines issues related to strategy development, innovation and how W. L. Gore & Associates has achieved sustained competitive advantage. The report also examines Gore's organizational structure and culture, and how these values are developed and transmitted to their associates. This report notes the accolades that this corporation has received along with the various milestones achieved (see Appendix 1). The report analyses the critical success factors at W. L. Gore & Associates through the use of a combination of tools, and delves further in the corporation's Strengths, Weaknesses, Opportunities and Threats.

The report also determined the framework and coordination strategies used by W. L. Gore & Associates in their move from operating locally to regionally then globally. The report also analyses Gore's value proposition and their strategy to achieving competitive advantage through their value chain. The review also gives mention to the best practices in the case and makes the relevant linkages to current literature.

Case Overview

W. L. Gore & Associates was founded in 1958 by Wilbert L. (Bill) and his wife Genevieve (Vieve) Gore and manufactures a wide range of products namely high performance fabrics, medical products and next generation electronic products. Renowned for its performance outdoor fabrics and its employee centric culture, W L Gore & Associates has thrived forward over the years to

be one of the most acclaimed companies both globally. Gore's products are sold on six continents and used on all seven continents, as well as under the ocean and in space. Table 1. 1 below gives us a graphical representation of W. L. Gore & Associates timeline and some of their milestones given the information from the case study:

W. L. Gore's organizational structure and culture

“ the objective of the company set forth by the founder wilbert I. (bill) gore was “ to make money and have fun”]

The organizational culture at Gore can be described as an egalitarian one with no clearly defined roles and job titles, with the objective set by its founder being “ to make money and have fun”. Gore's culture is characterized by self empowered cross functional teams who coordinate and communicate their activities across different units, regions and divisions. According to the case W. L. Gore “ strove to maintain a family-like, entrepreneurial culture.

Therefore it can be argued that Gore pays particular attention to Maslow's universal hierarchy of needs (see figure 1. 1 below) to ensure that their employees are adequately motivated to perform their duties.

Loyalty and commitment is engrained in the culture at Gore which is evidenced not only because of the many awards they have received but also in the length of time that associates are employed with the company.

Notably, W. L. Gore has had just four presidents in its 50 year history; with one of their presidents Terry Hill having previously been a longtime associate of 22 years.

Gore's culture is a by-product of people, its processes and its organizational structure. In the following section we will look at the organizational structure at Gore and its impact of their culture. (See Appendix 2 for a brief description Gore's culture).

Gore's organizational structure can be described as decentralized and informal, with its objective being "to make money and have fun". Gore is an organic organization with a low degree of formalization. The structure can be defined as "flat", with decentralized decision making through virtual teams in a terminology coined a "lattice" structure.

"A lattice organization is one that involves direct transactions, self-commitment, natural leadership, and lacks assigned or assumed authority. . . Every successful organization has a lattice organization that underlies the façade of authoritarian hierarchy. It is through these lattice organizations that things get done, and most of us delight in going around the formal procedures and doing things the straightforward and easy way"

-Bill Gore

The Lattice architecture divests itself from the managerial and executive ladder like hierarchy which typifies most organizations. There is no fixed or assigned authority, and every individual in the organization is connected to everyone else. Lines of communication are direct- person to person, team to team so that Information can flow freely unfiltered by an intermediary.

"The simplicity and order of an authoritarian organization make it an almost irresistible temptation. Yet it is counter to the principles of individual

freedom and smothers the creative growth of man. Freedom requires orderly restraint. The restraints imposed by the need for cooperation are minimized with a lattice organization.” -Bill Gore In such a structure one may ask where does discipline and direction come from? Gore’s core belief is in empowering the individual and building self powered teams which can operate and make decisions without the bureaucracy. Guidance is given by sponsors and leaders who help the associate to find a good fit between his or her skills and the needs of the particular team operating on the general idea that Associates needed to be mentored and supported rather than bossed around. The associates are free to go to whichever leader or sponsor who can assist them in their particular task. The employees are given the uniform title of Associates so no authority is denoted and the individual and team tasks and functions are organized through their commitment to contributions not as a result of orders dictated management.

W. L. Gore’s global organizational design

As noted earlier Gore had a well diversified portfolio of products and services that spanned the globe. As identified from the case; Gore was divided in four divisions these being Electronic Product Division (EPD), Medical Products Division (MPD), Industrial Products Division (IPD) and Fabrics Division (FD). Gore has taken their lattice framework and has mirrored this in their global operations. The Global organization structure is designed as a transnational model; represented in Figure 1. 2. We see from the diagram that each division is interdependent with characteristics of the seven key features of transnational design (Philippe Lasserre 3rd Edition pg 91-92). See table 1. 2 pages 8 which relate the seven features of the transnational model to the

structure, processes and culture at Gore along with the related case facts. In this model the company is divided into business divisions, each in charge of a product line. However the focus is not on organizational structure but on management processes and culture. Each division and each subsidiary communicates and coordinates to ensure knowledge sharing, innovation and continued growth. (To access the list of Gore's Subsidiaries see Appendix 3.)

Seven Key Features of Transnational Design

Characteristics

Case Facts

Reciprocal dependencies

Structure – network type set-up

Processes – team based work ethic

Culture – the individual /self is not primarily the focus. But instead the group

C 391, para 4

Non-dominant dimension

Structure – egalitarian leadership style, flat structure

Processes – all employees in various departments are of similar importance to the firm

Culture – Freedom and fairness

Operating systems

Structure – Responsibility of R & D is left to employees/associates

Processes – patents and proprietary knowledge of high value

Culture – learning organization

Interpersonal relationships

Structure – Informal, decentralized authority

Processes – encouragement and coaching between both senior and new employees

Culture – easy communication at different “ levels” within the organization

Inter-unit decision forums

Structure – Balance between Central Integration and Local Autonomy, integration of value chain

Processes – active participation of global and functional managers in operations of subsidiaries

Culture – Sharing and negotiating culture

Strong corporate values

Structure – Shared values between global teams

Processes – people and team orientation

Culture – high quality, high ethical values

Sharing

Structure – Shared values between global teams

Processes – freedom to communicate, share ideas and respond to changes and improve

Culture – minimal emphasis on superior – subordinate distinctions

Table 1. 2 – Characteristics of transnational design at Gore

Based on its continual performed well (overall) and has made it to the Forbes listing of the “ 100 Best Companies To Work For” which means that they have been doing most , if not all, things the way in which a company that wants to be successful must do. In performing a SWOT analysis of Gore, we examine the detailed aspects of what has contributed to its successes thus far and what may cause the organization to retool some of its business practices and processes.

The SWOT analysis looks at the company’s resource strengths and weaknesses and its external opportunities and threats and gives a snapshot of the current status of the organization and gives insight into how they develop their strategies[1]. Figure *** below shows the main focus of the analysis.

Figure *** – Gore’s SWOT MatrixC: UsersKevonDesktopSWOT_-_Gore (1). png

Strengths

Brand Name/Equity

Gore first began its operations in the late 1950s and was led by the vision and expertise of Bill Gore who was both an entrepreneur and a qualified chemist. He built his company by making use of DuPont’s reluctance to

change their business model. He developed a wide range of uses for PTFE and nurtured its growth from the 1950's and created a brand instantly recognized the world over

Customer Loyalty

After securing its first order from the municipality, Gore's focus on providing the " highest quality goods that met and exceeded the needs of customers" has always brought customers back because they can rely on the Gore© brand for those qualities.

Unique Products

The uses that have been introduced for the PTFE compound have always been something that would not have been thought possible before.

Technology

The company has been built on technological innovations (pp C-395, para. 6)> gore's associates have made a conscious effort to share technological knowledge (pp C-396, para 6) and their discoveries have led to several new, innovative uses for their products.

Weaknesses

Limited Presence in non-PTFE Markets

The company has a heavy reliance on its products generated from the PTFE variations but has only limited diversity in other products; leaving a heavy over-reliance on one revenue generation stream.

Bad Acquisitions

In an effort to continue its growth, they may acquire a company that enough due diligence was not performed on and could expose them to new problems not found in the existing culture/company.

Lattice Structure

While touted by Gore as responsive, a closer look reveals that some immediate decisions that may be needed may fall prey to the delays of this informal approach to leadership.

Poorly Managed Innovation

Innovation creates new products and business but is also a costly venture. If associates are allowed to pursue innovation without the proper controls it could be both costly and time-wasting.

Opportunities

Culture of Innovation (Innovation by Accident)

Since the accidental discovery made by Bill, the company's culture has always made associates feel comfortable pursuing new ideas. No pressure is placed on associates to innovate so that ideas that are feasible can be easily implemented.

New Markets, Acquisitions & International Expansion

Gore may already have been global but there may still be markets that Gore can tap into and continue their brand expansion. They can actively pursue

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expansion and become truly global. Gore can make strategic acquisitions that will enable them to introduce new products to new customers who may already be familiar with the acquired brand's name.

Threats

Intense Competition & Shrinking Markets

Friedman's flatteners have become increasingly prominent and the accepted business paradigm is one of a single marketplace. This has allowed competitors to become stronger competing alongside Gore and in markets where Gore has little or no presence.

Expiring Patents/Copycats

As competitors emerge alongside Gore, they also look for signs of weakness. A large number of patents to patrol will always difficult. Competitors will copy products as the patents expire and further erode their market share and growth potential.

Government Policy/Instability

Growing global anti-U. S. sentiment and changing political climates will provide future uncertainty (especially revenue streams) and economies that protect infant industries or politically-affiliated business may put sanctions on Gore that will increase the difficulty of doing business overseas.

BUSINESS STRATEGY

Phillippe Laserre in his text Global Strategic Management presented a Framework for Global Strategy which explained how four key thematic considerations can be used to design or examine a company's business strategy.

In this analysis of W. L. Gore and Associates, Laserre's framework is used to explore and deconstruct the facets of Gore's systematic and successful rise in the business world and how its business strategy can ensure continued growth and profitability. The business strategy of Gore was adapted and expanded to shape its global business strategy as the company continued to expand geographically and cross functionally.

AMBITION – Definition of the long term objectives of the company

“ The objective of the Enterprise is to make money and have fun doing so”

– Bill Gore

Founder Bill Gore built the company on a set of clear unequivocal beliefs and principles that formed the foundation of W. L. Gore's approach to business since its inception to present day. The guiding principles and values of Gore are detailed in Appendix 2. The fundamental beliefs of the company are clearly defined and ingrained into the minds of recruits and constantly reinforced in long standing associates alike by training, branding and positive visual messaging. This forms the primary building block of their business plan because it defines what the business is about, where they want to go, how they want to get there and who are the people that they want forming part of this impenetrable team. It cleverly forms a Community

through its strong corporate culture which connects Gore Associates worldwide in a common global bond. There is an almost nostalgic allure to the simplicity and purity of the family values that is Gore's Corporate Culture and Guiding Principles but it is the actual implementation of those principles in the management of the business that results in employees themselves becoming invested in the success of the company in the long run. Employees who understand and accept an organization's culture will most likely see their work differently and be less likely to make poor decisions. Expending the time, money, and effort needed to create this understanding at every level will result in a truly empowered workforce.

Case Examples of the execution of these principles:

Work sites that are scenic and attractive with no more than 200 people per site.

Designing work and leisure spaces within the Site which facilitate informal communication

Sponsors

The simplicity of the basic principles in building a social network is best fulfilled by the one on one communication employed by Gore and not technologically enabled as is the norm now. The mass use of technology to communicate can have time, energy and cost benefits however there remains much room for misinterpretation, misrepresentation, segmentation in team objectives and processes, underdevelopment of social skills and more clinical interaction rather than interpersonal.

Innovation is encouraged and fostered e. g. Associates being allowed to ask for and receive raw materials to try out their ideas. There is a recognition that just as was the case with young Bob Gore, great ideas and perspectives can come from anyone, anywhere, at anytime and Gore designed its work processes to allow for that kind of idea generation and innovation...even by accident.

POSITIONING – the choice of countries offering opportunities for strategic development and the company's value proposition corresponding to the global country portfolio.

“ All opportunities are not created equal..”

– Brad Jones , enterprise leader

In 2010, Gore's products were sold on six continents and used on all seven continents. Gore also has facilities in 30 countries and manufacturing plants in U. S., Germany, Scotland, Japan and China. As a global player, Gore has recognized the various opportunities that exist in different regions/countries.

Gore is divided into four product divisions: Electronics, Fabric, Industrial and Medical. The business strategy is to be a diversified conglomerate with unique capabilities to address large, attractive market needs.

In order to do this the company positioned itself globally in emerging countries, platform countries, marketing countries, and sourcing countries by carefully analyzing and handpicking the expansion opportunities based on market size, technology advancement, raw materials/ resource availability

and cost, labour, regulatory provisions, political context, limitations to market entry.

Gore sought to infiltrate and dominate large industries/sectors but with focused customer segments (i. e. Electronics, Fabric, Industrial, and Medical) and their value proposition is that of a global differentiator. The company was able to recognize the diverse and open fields available to them particularly the Medical environment.

The company's Value proposition is to create the highest quality goods to meet and exceed the needs of customers while maintaining competitive pricing.

The commitment to product integrity is evidenced by only certified and licensed manufacturers being supplied with Gore fabrics and the example given by Susan Bartley, an Associate, of a situation where there was a cosmetic flaw in finished garments but despite it not being a fitness for use flaw, the company bought back the garments from the manufacturer because they did not want those out on the market.

As part of the value attributes that Gore has chosen, part of the sales strategy is to facilitate positive buyer experiences which would be shared among customers and potential customers leading to more sales.

Gore operates through cross functional and often cross border teams to fulfil the various functions and processes in each Division. The Organisation preserves delivery of its Value proposition through a high degree of standardization of the product/service offering and work

processes/operations by maintaining its strong corporate culture throughout global operations.

GLOBAL BUSINESS SYSTEMS – business system design, resource allocation across countries to reinforce competitive advantages, mergers/acquisitions/joint ventures, establishing the global value chain.

“ From the time W. L. Gore was founded it recognized the need for globalization.”

A business system is the configuration of the various activities that the company carries out to deliver value to the customers and capture value for itself. This is in what Professor Michael Porter describes as the value chain in several of his published works.

With Gore’s expansion their business system design consisted of several links in the company’s value chain that are spread and integrated across divisions, departments and across the world. This part of their strategy is fuelled by their system of working in cross functional Teams not by geographical boundaries.

The components of Gore’s value chain include Innovative activities, productive activities and customer relationship activities. The company deploys resources, assets and competencies to each activity. Gore’s business strategy included using integrated operations and using globalization of its operations to add value to each component of the value chain so as to establish and sustain competitive advantages.

Strategic approach to Innovative activities:

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investment in a large number of areas the heaviest being in the Medical Products Division as “ this was judged to be the largest intersection between Gore’s unique capabilities and large attractive market needs.” At the same time while exploring investment opportunities the leadership at Gore would scrutinize the opportunities to avoid ‘ big burn’ projects. The company is open to ideas however they are running a business and must be smart about it.

Sharing and enhancing of knowledge: “ There’s a real willingness and openness to share knowledge”. Formal and informal connections across geographical, academic, managerial, functional or Divisional boundaries is facilitated. Associates get together at regular scheduled meetings to review each other’s plans and look for connections with other products, such consultations (especially with technical consultants) are very important to ensure there is building upon work of others, cooperation and coordination so that there isn’t duplication of work or certain associates being stymied by myopic views of an idea.

Ideas are “ energetically pursued” and at Gore that kind of ‘ organic’ growth is part of their long term plan. The organic growth being to create in essence an idea factory- where employees can generate ideas, express critical and constructive views to any associate, experiment, have materials to prototype and develop ideas which are fairly evaluated.

An example of how the global approach is useful in adding value is where Gore has team members from a country which is more advanced in technology and has different capabilities and perspectives.

Gore's strategy is also to not just gather knowledge but to protect knowledge and technological expertise. This is a way of not just gaining competitive advantage but it is how the company sustains it. Gore has been granted more than 2000 patents worldwide. They also only share proprietary knowledge on a need to know basis. This is noteworthy because within a company which inculcates a culture of freedom and communication, it is still a competitive firm geared at profit generation and have adopted a very intelligent approach to protecting the Intellectual Property generated by employees for the company.

Strategy in Productive Activities:

Gore has four divisions serving different industries and this protected the company against any 'swings' in any particular industry. As Bob Winterling described the way it worked was like four cylinders where you always have two or three that are up. This is important especially in a global business system because various factors affect the productivity in different sites and in different industries e. g. legal regulation, labour issues, recessions, inflation, political unrest, Competition.

Gore employs a three legged stool approach to integrate their systems of technology, manufacturing and sales which are tied together by a product specialist. The product specialist for one product will therefore coordinate efforts across manufacturing, sales and technology functions so there is a more focused, coordinated and consistent approach to all that goes into that concerns that product. The support functions of Human Resources, I. T. and finance also help tie these three legs together.

External acquisitions: Gore will evaluate opportunities to acquire companies so that a technology or unique capability can be acquired to complement the existing business for growth and continued success. It will also be part of a long term objective to acquire potential competitors. Also it allows Gore to move into market spaces already well known by those potential acquisitions. Cultural compatibility is a must, and Gore will not sacrifice its corporate culture by acquiring incompatible companies for short term gain.

Gore's secondary marketing: leveraging on established brands while reinforcing their own brand name for high quality innovative materials. The company therefore passed the marketing burden unto the company who was selling the finished product. At the same time creating a dependant relationship because as Gore manufactures the highest quality product e. g. Gore-Tex fabric, the secondary marketers like Adidas, Puma, North Face etc. had limited choice but to keep coming back to Gore as the supplier. Gore was getting advertising and sales boosts through the sales and marketing efforts of these other companies.

Gore's recognition of opportunities to make money and making strategic decisions not just in development, growth and acquisitions but also where the product or technology can be sold from the company portfolio as with the deal with Proctor and Gamble of the rights to market GLIDE floss whereby Gore continued to manufacture it. The deal was also made staying true to Gore's core principles and the need to retain its trained workers by ensuring any redundant employees were absorbed elsewhere.

Strategic approach to Customer Relationship Management:

As discussed earlier in this analysis, Gore's approach is to add value to these activities through quality control, excellent service thereby enabling the word of mouth spreading of great customer experiences to generate sales.

Quick responses to customer concerns e. g. when an issue arose with the vascular graft. Constant innovation is also something geared to customer satisfaction by providing focused solutions to specific problems.

Gore's Competitive strategy is focused around establishing, preserving and leveraging on capabilities leading to customer value through performance, quality and brand services i. e. the differentiated value proposition.

List of Gore's capabilities: superior technology, superior quality, Innovation, functionality, customization, Customer services, brand image, finding new market spaces, new solutions, adapting with quick response times and faster R&D.

In addition to having a competitive advantage the key is the Sustainability of that competitive advantage. Gore's business strategy is one that accommodates continued growth and staying true to their guiding principles and processes.

ORGANISATION – the organizational architecture to support the previous three contributors to Gore's business strategy i. e. ambition, positioning, business system.

Gore needed an organizational structure and global organizational model contingent on the way in which the company wished to fulfil its objectives,

strategically position itself, integrate and coordinate activities, standardize and maintain its capabilities and competitive advantages.

The company did not seek refuge in a traditional or conventional model but rather crafted the Lattice Structure and the Organization is further supported by Gore's Natural Leadership and Human Resource Practices. These two pillars support the Business Strategy and enable the communication, integration, coordination and knowledge sharing as well as the codification and entrenchment of the Gore Corporate Culture.

It is noteworthy that from the time the company started up as a family business to its growth as a global firm and as it continues on this path, the Lattice structure model was handcrafted to Gore's needs and has provided a solid framework for the company's success and their strategy was never to succumb to the temptation of trying anything that may not be suited to them and the Culture they have spent 50 years developing. The company's expansion strategy is one of Deliberate Growth by making smart decisions and using a structure which can facilitate that growth.

The lattice structure itself is not just a source of competitive advantage for Gore but because it is not an easily duplicated model/system, Gore is able to sustain its competitive advantages. The lattice structure by its very nature cannot be transplanted into other organisations with ease because it necessitates such a drastic cultural entrenchment in its employees and the processes of the company. As can be seen from all of the measures Gore has put in place, it requires a clear definition of long term objectives, values and

principles, a firm understanding and approach to positioning and building the competencies of the organisation so as to add value along the value chain.

Leadership

W. L. Gore founders and leaders has sort to preserve and maintain a very egalitarian culture, within a lattice based structure (rather than hierarchical). This lattice is team based, and connects every person to everyone else in the plant. According to the Gore website – “ There are no traditional organizational charts, no chains of command, nor predetermined channels of communication.”[i]Gore has a very few levels/titles incorporated into the organization’s pyramid; a CEO who is also the President (Terri Kelly) and a CFO (Paul Kaniefski) and of course the associates. While the organization has leaders and is divided into the four main business sections, it is relatively void of the traditional authority. Expertise, unique knowledge, involving others in significant decisions and history of successes determines how leaders are created. This leadership is commonly referred to as “ followership” at Gore and describes it in a situational aspect- “ if you call a meeting and no one shows up, you’re probably not a leader because no one is willing to follow you.” The company embraces this “ natural leadership” driving leadership to be earned rather than assigned. Gore determinedly resists titles within the organisation.

Gore describes its leadership style as fluid, defining the “ lead” as the associate who has the expertise and knowledge to make the right decisions (Knowledge Based Decisions). This fluid leadership is constantly changing and information flows freely within the organisation but they have a need-to-know guarding of propriety knowledge. Teams are usually centred on a

product: technology associate(s), manufacturing associate(s) and sales associate(s) that are tied together by a product specialist to coordinate efforts and supported by human resources, information technology, finance and other support systems. Leader of various types take form as Bill Gore describes the 10 kinds of leaders:

1. The expert,
2. The commitment seeker: coordinator,
3. The commitment seeker: objectives,
4. The compensation sponsor,
5. The product specialists,
6. The plant leaders,
7. The business leaders,
8. The functional leaders,
9. The corporate leaders and
10. The sign u