

Leading Innovation in Multinational Subsidiaries – Part 3

IM [innovationmanagement.se /2013/08/28/leading-innovation-in-multinational-subsidiaries-part-3/](http://innovationmanagement.se/2013/08/28/leading-innovation-in-multinational-subsidiaries-part-3/)

The changing global economy creates special challenges for leaders of multinational subsidiaries. History shows that innovation is key to survival. This series of articles explores this challenge and offers subsidiary leaders a way to identify and implement innovative strategies to sustain local operations and create added value for their parent corporation. It also looks at how corporate managers can help drive more innovation from global subsidiaries.

Part 3: How an entrepreneurial mindset helped EMC Ireland to change its role and position from manufacturing to become a centre of excellence



EMC began operations in Ireland in 1988 in the town of Ovens, County Cork. Today it employs over 2,000 people at this site across a 600,000 sq ft campus and is the largest EMC facility outside the USA. The site is unique within EMC in having 28 business functions co-located, ranging from software development to sales and all business support functions.

The 25-year success of EMC Ireland has been based on a combination of operational excellence plus a flexible attitude to performing new activities, what management refer to as 'corporate gap filling'. As a result the site mandate has evolved both upstream and downstream over many years. Initially, Ovens was a typical hardware manufacturing and assembly centre. It then moved into testing, data management and systems integration. A state-of-the-art customer briefing centre was developed in the early 2000's to support product demonstrations and sales to major European customers to take place in Ireland. It now also covers inside-sales and renewals.

The Leadership Team wanted to ensure the sustainability of the site based on a deliberate strategic design that would add value to EMC globally

Even with this impressive track record of growth and development, the Cork Campus Leadership Team felt that it needed to have a clear strategic roadmap for future development of the site. Rather than simply become bigger through a series of 'bolt on' services, they wanted to ensure the sustainability of the site based on a deliberate strategic design that would add value to EMC globally.

They decided to create a mandate development framework that would capture the key short, medium and long-term development opportunities and provide a shared aspiration for the Irish organisation. From a leadership perspective, it would help align decision-making and resource allocation over an extended period of time.

The discovery process

The framework was developed in three stages:

1) Insight and Opportunity Identification

The first stage involved identifying insights about customers, both internal and external, and insights about the core capabilities of the site. For example, one customer insight was “Enterprise data storage is becoming more critical and more complex” from which a range of value added service opportunities could be identified. A core competence insight was “The ability to enable better business designs internally and externally”, which pointed towards a range of ‘insider-outsourcer’ opportunities for the Irish site.

2) Opportunity mapping

The second stage involved grouping related opportunities and arranging them along ‘strategic vectors’. Each vector represents a logical series of potential mandate development opportunities which could be progressively executed over a 5-year period. For example, one vector was “From supporting field sales for the enterprise segment to providing inside sales for the commercial segment”. This vector recognised the growing number of commercial (mid-market) accounts and expanding product range that meant that EMC would need to further develop its inside sales capability and that this could be performed by Ireland. Opportunities along the vector included providing inside sales for acquired products and the centralisation of license renewals.

3) Developing the framework: Strategic Architecture

The third stage involves making different combinations of the opportunity vectors to explore alternative ‘strategic architectures’ for the future of the site. The management team looked for combinations that would be coherent from a competence perspective as well as offer strong long term growth potential. For example, one overall architecture option envisaged was EMC Ireland as the ‘Global Middle Office’ of EMC, providing added-value internal services (such as compliance management, quality deployment and business intelligence) as well as commercial services such as SME and mid-market sector sales support.

The third stage involves making different combinations of the opportunity vectors to explore alternative ‘strategic architectures’ for the future of the site.

The framework that was ultimately chosen by the leadership team depicted mandate development over the 5-year timescale and contained a significantly expanded view of opportunities and functional development that would enhance the future value of the site within the corporation. Importantly, the framework positioned EMC Ireland as more *central* to the future of the corporation, with a higher depth competence, rather than simply aggregating a larger number of functions in an attempt to become bigger.

The results have been continued growth of EMC Ireland. In announcing its most recent set of results, EMC Corporation acknowledge that the Irish site plays “a strategic role” in the overall success of the company and announced a further €100m investment in Cork. The development by campus leadership of a strategic framework to guide mandate development over time has been an important factor in ensuring the sustainability of the Irish operation.

Conclusion

This 3 article series of articles on leading innovation in multinational subsidiaries offers three main conclusions for subsidiary leaders:

1. Manage the mandate lifecycle of the site: the time to innovate is before existing mandate performance has peaked.
2. Combine operational excellence with entrepreneurship: continually influence at the corporate level to secure new opportunities for the site.
3. Develop a strategic architecture: use insights about customers and competencies to define your opportunity pathways and overall site aspiration.

By taking these steps, multinational subsidiary leadership teams can ensure that their country operations survive and prosper even when faced with competitive disadvantages such as distance from market or relative labour cost.

Further Reading on Strategic Architecture Development:

[“What does Innovation have to do with Strategy anyway”](#), Gary Getz 2013,

[“Competing for the future”](#), Gary Hamel & CK Prahalad, Harvard Business School Press 1994, pages 117-138

By Brian Mooney

About the author

Brian Mooney is a Strategos Network Partner and specializes in business growth and innovation. He has led Strategos engagements around the world and has corporate experience as a general manager, strategy director and head of innovation. Brian's expertise ranges from product strategy and consumer insight to business modelling and commercialization. He works with client teams to coach them through the process of discovery, experimentation and realization of new opportunities.



Series on Leading Innovation in Multinational Subsidiaries

1. [Changing the role of a subsidiary within a multinational](#)
2. [How National Semiconductor avoided site closure and changed their mandate](#)
3. → How an entrepreneurial mindset helped EMC Ireland to change its role and position from manufacturing to become a centre of excellence

Photo: [Businessman hand working with a Cloud](#) from [shutterstock.com](#)

Access more free Innovation Management content! [Subscribe to our weekly newsletter.](#)