

SOCIO-ECONOMIC CONTRIBUTION TO CORPORATE STRATEGIC VENTURING IN HEALTHCARE BUSINESS

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ABSTACT:

Purpose: Corporate venturing is an entrepreneurial practice of firms to establish a new business unit within or outside an existing firm. Corporate venturing is usual associate with uncertainty and ambiguity because managers of the existing business are not used to the new strategy. The purpose of this paper is to describe the contribution Socio-Economic Approach to Management (SEAM) in a hospital business venturing (pre-initiated business) explaining the detailed steps of the intervention, its effect on the organization's performance, the contribution to the planning for the execution of the project and the prevention of potential dysfunctions that might occur.

Design/methodology/approach: A Qualimetrics Methodology or SEAM Intervention can help actors to marshal weak signals and potential hidden costs in order to design an innovative project that learns from the past and shapes the future hospital. The researched firm is a leading institution of higher education planning a new hospital project. SEAM management tools will be simulated to impact the planning process of the hospital under construction.

Findings: The researcher is able to apply the SEAM specific management tools such as: Economic Balance, Priority Action Plan, Internal External Strategic Action Plan and simulate other tools naming: Competency Grid to prescribe the needed competencies and plan critical milestones.

Research Limitations: The main challenge of this project lies in the fact that the intervention considers a hospital business that does not exist yet and access to actual actors is difficult since most of them are not recruited yet.

Originality/Value: This intervention research provides a clear understanding of approaches and predicted results of SEAM application in a pre-initiated Hospital and accentuates the significance of prediction of dysfunctions pre-measurement and their prevention which adds value and contributes to socio-economic future success. In addition, this work contributes to the academic literature concerning Universities experience in strategic venturing.

Keywords: Pre-initiated business, simulated management tools, SEAM, strategic plan, corporate venturing.

INTRODUCTION

Hospital (A) is a medical center under construction, planned to be a teaching tertiary care center for one of the leading Universities in Lebanon. Located in a rural area in northern Lebanon where excellence in safety, quality, medical research and documentation is not the norm, Hospital (A) leadership has to come up with a plan that responds to the specific and special characteristic of the surrounding culture. In fact, the University decided to venture in a new type of business through the creation of Hospital (A). This project, considered as a major innovation, involves this University in a completely new type of business; the core business of this University is higher education and healthcare seems to be a completely new endeavor. Considerable ambiguity is confronting the University management since they are about to start a hospital project without a previous corporate experience in healthcare. A new challenge for the University is how to manage this innovation and ensure a superior corporate performance in a demanding healthcare industry. Trying to solve the uncertainty the University is experiencing and assist the project leadership to define the core business and purpose and come up with adequate strategic plan, the intervener-researcher conducted the SEAM intervention research with the University personnel who were directly involved in the planning of Hospital (A).

CORPORATE VENTURING AND CORPORATE ENTREPRENEURSHIP

As per McKelvey (1982) a clearly stated set of definitions is necessary for scientific understanding, explanation, and prediction of events. Thus, one can start with finding the right definition of terms such as corporate venturing, entrepreneurship and strategic renewal so that to explain the nature of the business activity the University is considering through the new hospital project. In fact, corporate venturing and corporate entrepreneurship can be considered as two sides of the same coin. Corporate venturing involves entrepreneurial efforts in which established business organizations invest in and/or create new business (Sharma & Chrisman, 1999). Thus, before discussing existing definitions in the field of corporate venturing, one can examine the term “entrepreneurship” and understand whether the entrepreneurial activities could be linked to actions within existing organizations or only describes the activity of independent entrepreneurs.

ENTREPRENEURSHIP

The earliest definition of the term “entrepreneurship” is linked to Richard Cantillon’s work (1734). To him, entrepreneurship was self-employment with an uncertain return (McMullan & Long, 1990). Actually, most descriptions of entrepreneurship seem to emerge from the definitions of two authors: Schumpeter and Gartner. On one hand, Schumpeter (1934) explained entrepreneurship as the process of carrying out “new combinations” in the form of products, processes, markets, organizational forms or sources of supply. Schumpeter reserves this particular economic role for entrepreneur: their innovative actions make the economic system evolve (Croitoru, 2012). On the

other hand, Gartner states that "Entrepreneurship is the creation of organizations" (1988). As per Gartner (1988) and from the entrepreneur's perspective, creation of organization is innovation and creativity. However Gartner did not mean to define entrepreneurship, but it was an attempt to draw the attention to what the entrepreneur really does instead of focusing on who the entrepreneur is. However, in a recent study, Gartner (1990) explained that entrepreneurship means different things to different scholars. In his study, Gartner identified two clusters of scholars. The majority (79%) of the participants were clustered in one group. The focus of this group seems to be on the characteristics of entrepreneurship such as innovation, growth, uniqueness, etc... While the other group considers a situation as entrepreneurial only if the outcome of the entrepreneurship was creation of value or realization of gain. However, the usage of such definitions should be linked to the context of the business activities, i.e. a combination of these two definitions may be applicable for a more comprehensive understanding of entrepreneurship especially when creation of new organization involves new combinations or when new combinations lead to the formation of new organizations (Sharma & Chrisman, 1999). What is important in seeking definitions is surely to cover what has been stated, but also to adapt the existing theories to the reality of business innovations and trends that's happening now.

ENTREPRENEURSHIP IN CORPORATE ORGANIZATIONS

For instance, when discussing entrepreneurship in corporate organizations, one might confront definitional ambiguities and confusions. Actually, authors used different terms to describe the entrepreneurial abilities of corporate organizations. For example, Lumpkin and Dess (1996) described the relationship between entrepreneurial orientation and firm performance, in a way that the term "entrepreneurship" is attached to any individual or group creating new combinations, either on their own or attached to existing organizations. Furthermore, for Covin and Slevin (1991) "firms with entrepreneurial postures are risk takers, innovative and proactive" and those features can be applied to corporate processes as well as to new independent ventures. And for Miler (1983) theorists cannot call a firm entrepreneurial if it simply imitates competitors while refusing to take any risks or to demonstrate proactive attitude. However, while ambiguity remains an issue when it comes to differentiating between individual entrepreneurial efforts and those in the context of an existing organization, one can distinguish between different types of Entrepreneurship through the below proposed definitions.

TYPES OF ENTREPRENEURSHIP

As previously discussed, entrepreneurship could be practiced independently or within the context of an organization. Thus, one can differentiate between "independent entrepreneurship" and "corporate entrepreneurship". The below definitional framework originating from the works of Collins and Moore (1970) could be considered for clear understanding of such terms:

- *Independent entrepreneurship*

“Independent entrepreneurship is the process whereby an individual or group of individuals, acting independently of any association with an existing organization, create a new organization” (Sharma & Chrisman, 1999)

- *Corporate Entrepreneurship*

“Corporate entrepreneurship is the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization (Sharma & Chrisman, 1999).

In fact, under corporate entrepreneurship one can differentiate between corporate venturing, innovation and strategic renewal (Sharma & Chrisman, 1999). While innovation is shared between corporate venturing and strategic renewal, the later two have some specificities. The following sections will provide further explanation of the terms corporate venturing and strategic renewal in organizations.

STRATEGIC RENEWAL

Strategic renewal results from corporate entrepreneurship activities that challenge firms to renew themselves and reposition their relationships between them and their environments (Baumol, 1986; Burgelman, 1983). In other words, the firm renews the strategies it uses in an attempt to change how it competes (Dess, Ireland, Zahra, Floyd, Janney and Lane, 2003). Thus, strategic renewal involves the creation of new wealth through new combination of resources (Ferreira, 2002). However, significant changes may occur to the corporate level strategy or structure but renewal efforts are not considered as new business by the organization.

CORPORATE VENTURING

Corporate venturing results from entrepreneurial efforts that lead to the creation of new business organizations within the corporate organization. These venturing efforts may or may not lead to the formation of new organizational units that are distinct from existing organizational units in a structural sense. But in both cases, corporate venturing can contribute to a firm’s success in many ways. If the venturing activities are related to the existing firm business, corporate venturing can enable firms to leverage its core competencies within product–market arenas operationally or strategically (Covin, and Miles, 2007). It can also contribute to new competencies while the firm extends to a new stream of business.

It is worth to mention that both strategic renewal and corporate venturing suggest changes in either the strategy or structure of an existing corporation, which may involve innovation. But the principle difference between the two is that corporate venturing involves the creation of new businesses whereas strategic renewal leads to the reconfiguration of existing businesses within a corporate setting. In line with the purpose of this article, further explanation of corporate venturing will be presented.

CORPORATE VENTURING TYPES

As mentioned in the previous section, corporate venturing may or may not lead to formation of distinct organizational entities, thus, one can distinguish between two types of such organizational venturing activity (Sharma & Chrisman, 1999):

- *Internal Corporate Venturing Units*: which focus on opportunities identified within the company (Birkinshaw and Hill, 2005). Thus, internal corporate venturing activities lead to the creation of organizational entities that resides within an existing organizational domain (Sharma & Chrisman, 1999).
- *External Corporate Venturing Units*: also know as corporate venturing capital units; focus on opportunities external to the company in the form of independent start-ups (Birkinshaw and Hill, 2005). This corporate venturing activities result in the creation of semi autonomous or autonomous organizational entities that reside outside the existing organizational domain (Sharma & Chrisman, 1999).

CONTEXT OF THE STUDY: CORPORATE VENTURING MOTIVES OF HOSPITAL (A)

It appears to be difficult for the University to break the routine; change processes that are already in place and renew its strategy. But, to build up a long term competitive advantage, the University cannot rely on its existing core competencies in higher education only, but needs to explore new opportunities and leverage its core competencies while acquiring new competencies as well. In fact, building Hospital (A) constitutes an opportunity for the University to become the main education and healthcare provider at the same time in the serviced area. The combination of the two institutions will give both a long term strategic advantage, enhanced competitiveness ability over its rivals in the serviced area and financial gains. Furthermore, the establishment of the Hospitals is considered as a natural expansion of the Faculty of Medicine at the University. Corporate venturing idea surfaces from within the organization through innovation venturing (Campbell et al., 2003). The new Hospital is planned to be a teaching tertiary care center that will cater for the needs of the Faculty of Medicine in providing medical education and training to students and high quality care healthcare to patients. Thus, the Hospital will monetize aspect of the existing University that are at risk of not being used or underused and might lose their value in the future such as intellectual property, teaching abilities and premises. But, the motives for building the hospital are not only of financial nature and the success of such a project is not measured in financial returns only. Otherwise, the University could have simply planed a diversification of its current core business. In fact, the motives emerge from deep strategic needs and desired strategic goals to position both institutions as leaders in their business domain. A strategic motive for organization to navigate new business environment which are relevant to the parent firm is to support its main business and stay ahead of the game (Leten and Van Dyck, 2016). The new Hospital business, along with its specific new objectives and purpose, support the growth and renewal of the existing University, add value to it as education

provider and create continuity for its medical teaching programs. The Hospital and the University will have synergetic interactions in a compound formed of two organizations. This is described in the literature as ecosystem venturing where the establishment of the new organization will develop demand for the main business product and support its operations (Campbell et al., 2003). In fact, the University is or should be aware of the need to be ahead and offer products or services that others are unable to offer or not yet offering. In fact, firms may achieve “first” status by securing processes and skills that make customers want to work with them as a preferred choice (Uphill, 2016). However, this intuitive skill to be ahead can be developed and rationalized and clear and communicated strategies could be design through listening, research, humility and a taking the time to think creatively (Uphill, 2016, p. 3).

CORPORATE VENTURING SUCCESS FACTORS OF HOSPITAL (A)

In line with the definition presented in the previous section, hospital (A) is considered as a result of the corporate venturing activities practiced by the University. This project is viewed as a major innovation that will lead to the creation of new healthcare business that is not emerging from the core business and might not be within the same structure of the University. However, such corporate entrepreneurial activity confronts the organization to many opportunities as well as high levels of risks. In fact, differences in strategic roles of the university and the hospital can create uncertainty. A major source of uncertainty is that the University is venturing into new area for which managers have not yet developed a shared understanding (Dess, Ireland, Zahra, Floyd, Janney and Lane, 2003). This means that the university should develop an approach to the business to capitalize on opportunities while minimizing potential risks.

One should assess the critical factors for the success of such a venture. In fact, the planning committee of Hospital (A) should address key areas that administer the relation of the new hospital with the University. Managerial needs and strategic orientations should be understood. For instance, structural autonomy or dependence of the new hospital is an issue to be addressed as well. It is a crucial decision of where to locate the venture within an organization (Sharma & Chrisman, 1999). Should governance of this project be totally independent from that of the University or embedded within its existing structure? How could managers decide on the degree of relatedness of the new hospital with the University? What types of core competencies are needed to undertake such a project? In fact, the ideal relationship with the existing organization depends on the needs for managerial attention, resources, learning opportunities and protection from corporate antagonism (Block and MacMillan, 1993).

Authors identified a number of practices that was important to venture unit success and provided a classification of success factors. For Hill and Birkinshaw (2005), a clear separation from parent company in decision making and funding appear to be important for corporate venturing success. The new hospital requires long-term support and should be comfortable with uncertainty and ambiguity for a period of time, while the existing University might be reluctant to take risks. On the other hand, undertaking a new project requires fast decision making, while the University is comfortable with routine and makes decisions

leisurely. The University follows a slow and bureaucratic decision making process that requires the consent of different actors including deans, trustees and others. Furthermore, the work of Hill and Birkinshaw (2005) suggests that venture units with substantial level of autonomy perform significantly better. And they define autonomy in two perspectives; “a separate pot of money allocated to the units for investment, and venture unit decision rights over both relevant investment and management matters” (Hill and Birkinshaw, 2005). However, the separation unit does not imply that the management of Hospital (A) should have no accountability to the one of the University. Actually quite the reverse, being a venture unit, the hospital should be fully accountable for achieving the business creation mandates assigned by University; it also needs to ensure sufficient cooperation relationship with it so that to ensure integration with its core business where required.

THE SEAM RESEARCH METHOD

As mentioned earlier in this work, the University is aware of the importance of being ahead through the creation of a healthcare project. However, one of the aims of this intervention research is to assist the University leadership being ahead in the right way. Even though being “ahead” is a strategic objective, however, the construction of the new hospital doesn’t take enough into account potential dysfunctions, which are overlooked or not monitored because of the weakness of the strategic signals of the lack of understanding of such strategic needs. In this intervention research, the qualimetrics or SEAM action research methodology was employed to help leadership of the University marshal weak signals and potential hidden costs in order to design an innovative project. Thus, in line with the strategic motives of the University and in the light of the understanding of the critical success factors, in intervention research was piloted at the University.

The SEAM intervention method branched from the qualimetrics methodology. This intervention-research method is a more transformative process than traditional action research (Conbere and Heorhiadi, 2011). In fact, this qualimetrics research method is a socio-economic organizational innovation intervention research which addresses all the hierarchical levels from employees to top managers (Savall, Zardet, Peron and Bonnet, 2012). It is referred to as the SEAM improvement process or the SEAM change process. In fact, this process is described as a trihedron because it includes three main axes as shown in figure 1.1 In fact the tools and method of the SEAM are organized around three axes: the permanent management tool axis, the change or critical improvement process axis and periodical, political and strategic decision also known as policy axis (Savall, Zardet, & Bonnet, 2000, 2008).

THE SEAM IMPROVEMENT PROCESS

The aim of the SEAM improvement process is to work with company actors to assist them to identify the necessary changes and ways to implement these changes. As per the SEAM method, it is more efficient to link all the components of change in one structure so that to improve coherence and synergy

between elements and between the different levels of the organization (Savall, Zardet and Bonnet, 2000, 2008).

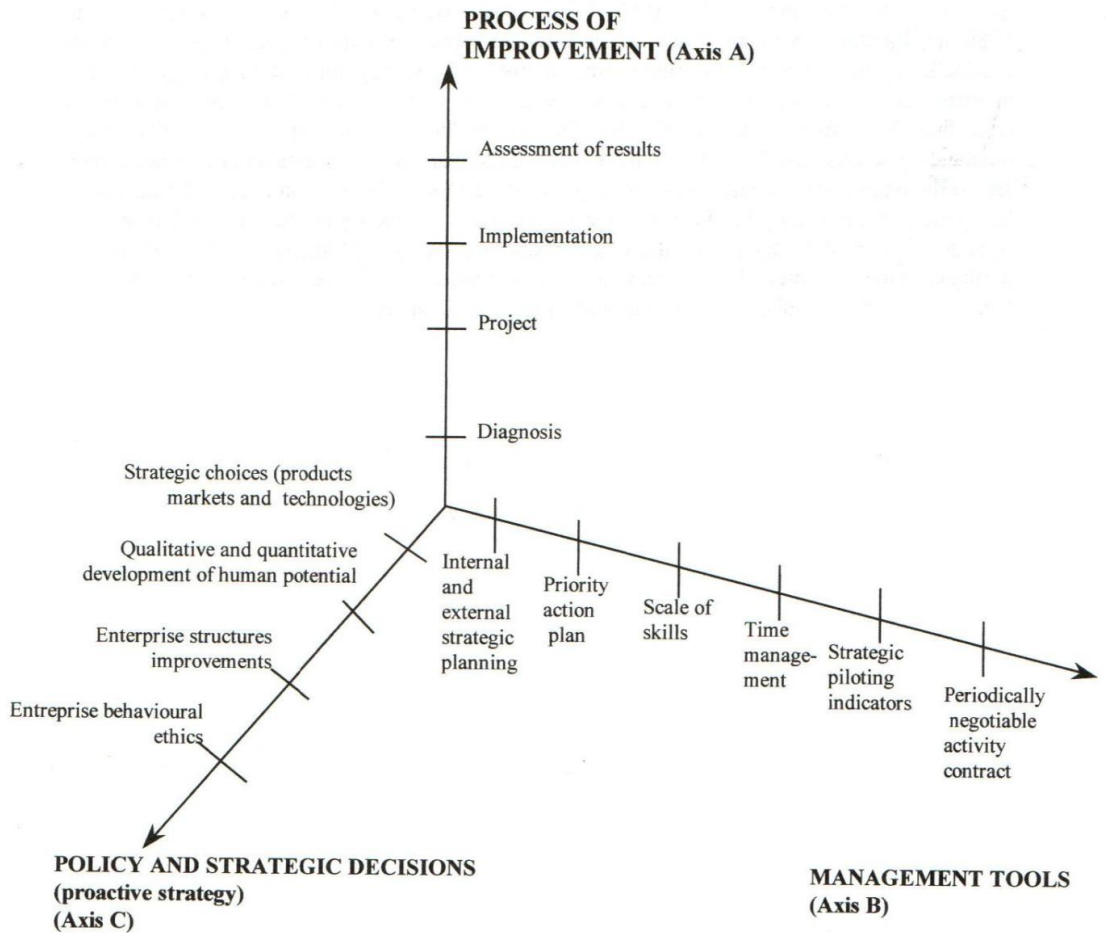


Figure 1.1: The three axis of the socio-economic intervention (Savall, Zardet & Bonnet, 2000, 2008)

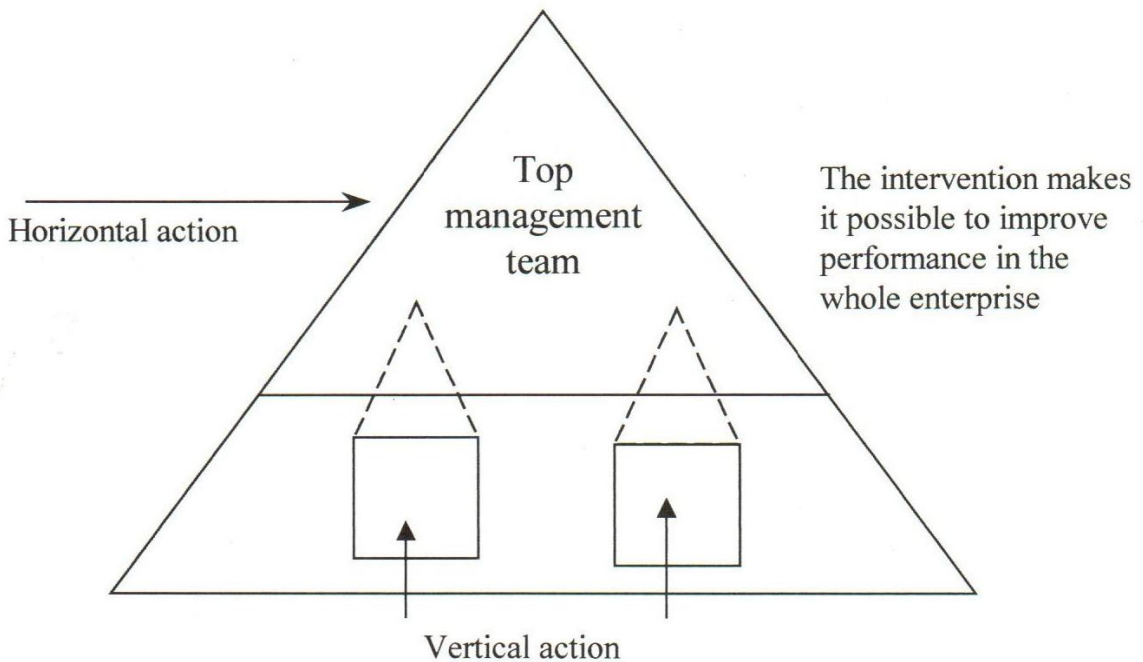


Figure 1.2: The Horivert Intervention (Savall, Zardet & Bonnet, 2000, 2008).

After getting the buy-in of the leaders of the organization, which usually happens through meeting and seminar with the CEO and top managers the SEAM intervener starts the qualitative interviews. A one to two hours interview is performed with each top manager at the horizontal level. The aim of the qualitative interviews is to discover organizational management dysfunctions as seen by the managers. Consequently, themes about management dysfunctions are identified and supported by field-note quotes or the so called witness sentences. The qualitative data about management dysfunctions enables the intervener to perform a thorough analysis of the root causes of the hidden dysfunctions. In fact, using data from over 35 years of research and intervention in organizations, the ISEOR center (Institut de Socio-Economie des Entreprises Et Des Organizations) in France has developed a database consisting of 3,450 categories of dysfunctions. This means that the application of a generic contingency principle, described in the previous section, to one specific organization is to guide the analysis and benefit from the cumulative experience while preserving the specificity of the researched organization.

In fact, according to the SEAM method, the management dysfunctions are classified under six main categories: working conditions, work organization, communication-coordination-cooperation, time management, integrated training, and strategic implementation as shown in figure 1.3. Typically, hidden costs are

associated with such behavioral dysfunctions so that to reveal the informal power of employees when it comes to organizational performance (Savall, Zardet, Bonnet 2000, 2008). Thus, the intervener does an analysis of the qualitative interviews and classifies the filed-notes quotes according these six main categories of dysfunctions. The result of such horizontal diagnosis is presented to the top management team in the so called “mirror effect”. The mirror effect is a detailed presentation of what the intervener heard during the qualitative interviews. Usually, top managers are shocked due to the overwhelming data presented about organizational dysfunction and hidden costs (Conbere and Heorhiadi, 2011). This process demonstrate to managers that organizational performance can always be upgraded because there is always a gap between what the actors expect and what actually occurs, and that is why the organization is not reaching its potential (Savall, Zardet, Bonnet 2000, 2008). However, at this stage of the intervention, this shock leads managers to recognize the magnitude of management dysfunctions and potential resulting hidden costs and to take actions to fix them.

The organizational change process that results from the mirror effect consist of two main phases:

- 1) The socio-economic projects phase: managers agree to work on projects within their scope to begin to reduce hidden costs and prevent others from occurring. This is an indication of taking ownership of the change process.
- 2) The Vertical Intervention Phase: managers decide to engage in the vertical interventions to cascade the analysis and correction of hidden costs down through the entire organization.

Following the mirror effect, the intervener presents the “expert opinion” to managers so that to facilitate solutions to organizational management problems. However, this does not mean that the intervener comes up with solutions as in traditional consulting, but he uses the experience of ISEOR center to help identify the root causes of the dysfunctions and assist managers in finding solutions by themselves (Conbere and Heorhiadi, 2011). Parallel to the socio-economic projects initiation, the diagnosis begins in lower levels of the organization so that to fulfill the horizontal and vertical dimensions of the Horivert process.

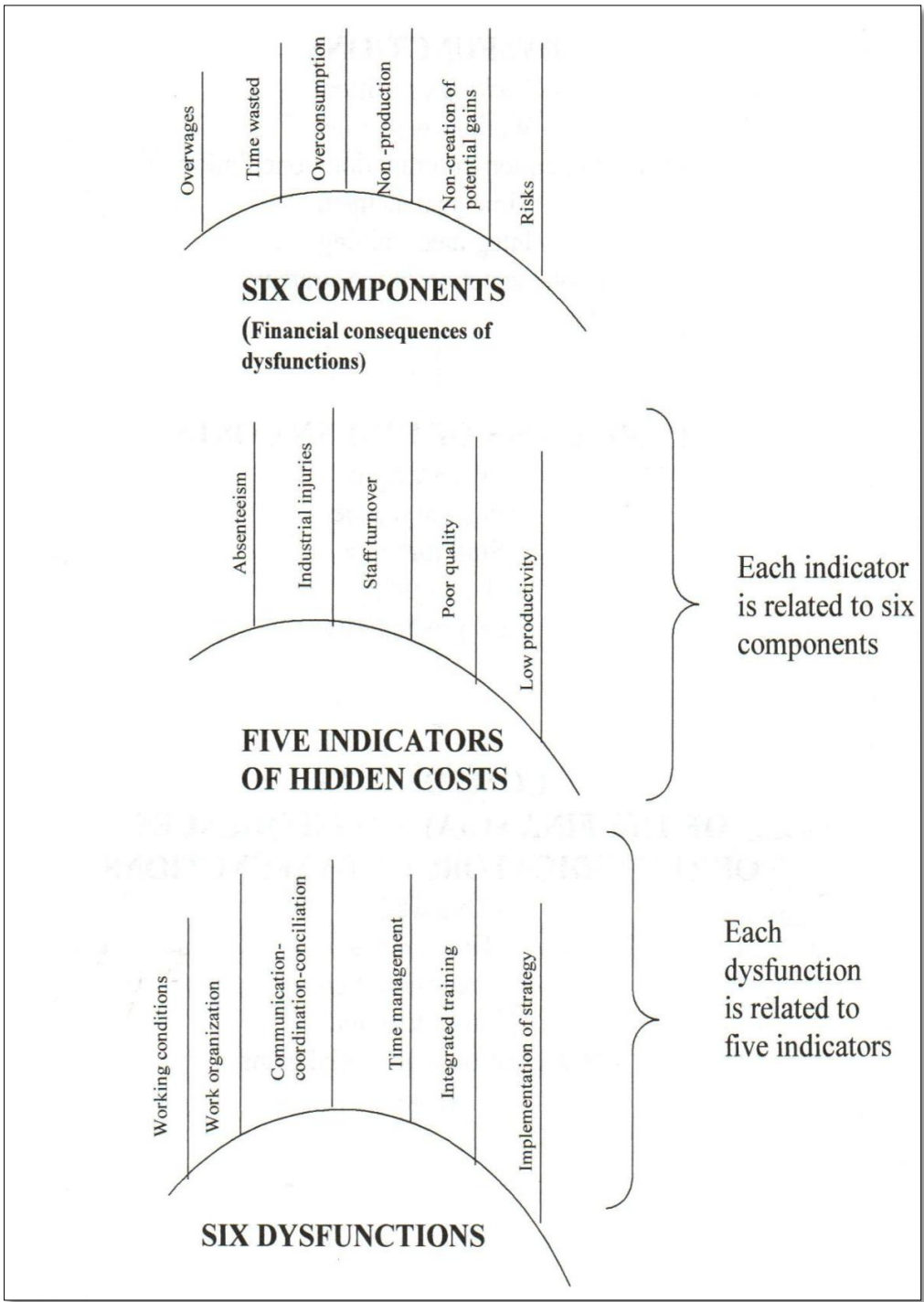


Figure 1.3: Link between dysfunctions indicators and the components of financial consequences (Savall, Zardet, Bonnet 2000, 2008)

During the vertical diagnosis phase, an in-depth SEAM analysis is conducted with all or selected vertical silos within the organization structure. But this time, the intervener records evidences that could lead to the calculation of hidden costs and to the evaluation of underperformance (Conbere and Heorhiadi, 2011). In fact, there are five indicators of hidden costs: absenteeism, occupational injuries, staff turnover, poor quality, and low productivity (Savall, Zardet, Bonnet 2000, 2008). In fact, each dysfunction is related to the five indicators of hidden cost as depicted in figure 1.3. Furthermore, during the vertical diagnosis, the intervener collects data to quantify the consequences of dysfunctions. There are six financial consequences of dysfunctions: over wages, time wasted of overtime, overconsumption, non-production, non-creation of potential gains and risks (Savall, Zardet, Bonnet 2000, 2008). Back to figure 1.3, one can notice a link between the six dysfunctions, the five indicator of hidden cost and the six financial consequences of dysfunctions. In fact, this specificity of the Horivert diagnosis guides the intervener and shape the intervention. In fact, these issues have been identified through more than 1,200 interventions that are recorded in the ISEOR database (Conbere and Heorhiadi, 2011).

THE MANAGEMENT TOOLS

Due to its tools axis, SEAM intervention method differs from the other management control or strategic controls methods for the fact that it proposes its own measurement and piloting tools. Consequently, SEAM is not only descriptive or explicative but it is also prescriptive (Cappelletti, Delattre, & Noguera, 2007). In other words, the management tools proposed by SEAM, constitutes the guarantee that the management control objective will be met and that strategy will be implemented.

Focusing more on the specificities of SEAM regarding the tools it proposes, SEAM has six main tools which are (Savall, Zardet, Bonnet 2000, 2008):

1. The internal/external strategic action plan is usually medium term plan over 3 to 5 years. The IESAP tool lists and classifies the strategic breakthroughs the firm wishes to achieve as a sort of master plan so that actors in the organization can design actions to achieve the strategic objectives (Savall, Zardet, & Bonnet 2000, 2008). This tool allows all actors to know the direction of the change work and their roles in that (Conbere and Heorhiadi, 2011).
2. The priority Action Plan is usually a half-yearly plan that allows the organization to clarify the high valued added tasks that stem for the strategy and that should be implemented in order to reach the strategic goals of the organization. Additionally, the PAP identifies low value added tasks and thus incorporates actions that should be taken to prevent the recurrence of the dysfunctions.
3. The competency grid is a table that shows the available skills in the organization. It is used to assess the skill level of each employee so that to recommend training and skills development. In this table, an evaluation of the employee's skills against a specific operation to be implemented is performed. Operations are of several types such as: day to day operations, development tasks, required qualities of skills and even new operations to be developed (Savall, Zardet, & Bonnet 2000,

- 2008). After being performed for an entire department or section within the organization, the competency grid allows a visualization of the available skills in a graphic form. However, it is worth to mention that the competency grid is not used to fire people or punish them for poor performance, but it is filled and updated to find the areas in which employees can be more effective, and as result, satisfied (Conbere and Heorhiadi, 2011).
4. The time management tool, know as well as the self-analysis of time grid, helps to assess how well actors use their time. The time management grid allows managers to understand the real allotment of time and how he or she should allocate time for task according to their value added. This grid enables the managers to assess the time distribution for tasks such as: day to day management, shifts in functions, management and prevention of dysfunctions and implementation of strategy (Savall, Zardet, & Bonnet 2000, 2008). Consequently, the manager can make decision about task that should be maintained, delegated or even eliminated.
 5. The strategic piloting logbook is a tool for measuring the results in terms of the value created through management changes efforts (Savall, Zardet, & Bonnet 2000, 2008). In other words, managers have to implement a set of strategic piloting indicators to improve management information system concerning cost and profit accounts. There are three main types of indicators:
 - a. Indicators of evolution: which is a comprehensive list of actions emerging from strategic planning and that should be implemented. And equally, a list of dysfunctions diagnosed during the intervention and that should be avoided through preventive actions (Savall, Zardet, & Bonnet 2000, 2008).
 - b. Indicators linked to the priority action plan: these consist of a short list of the actions mentioned in the indicators of evolution that should be implemented within six months. This indicators help to assess the needed investments required by the priority action plans (PAP) to implement such actions (Savall, Zardet, & Bonnet 2000, 2008).
 - c. Indicator of creation of potential gains: these evaluate the results of the previous priority action plan (PAP) that implemented actions resulting from the strategy of or from the prevention of dysfunctions.
 6. The periodically negotiable activity contract (PNAC) tool. This tool is conducted between a company employee and his line manager; together they set personalized objectives and means that combine the collective goals of the organization, of the team and of the individual. The reward for achieving the objectives will be additional remuneration. This tool, considered as the most powerful socio-economic tool as described by Conbere, Savall and Heorhiadi (2015), is a strategic management and human potential management tool.

The previously mentioned SEAM management tools are claimed to “improve priorities management, a better use of available skills, an increased visibility

through piloting indicators of activity and of dysfunctions and hidden costs prevention, and a better anticipation of medium and long term changes in the business environment” (Conbere, Savall and Heorhiadi, 2015). Throughout its six specific management tools SEAM imposes a unique way to lead the change process. The employment of such specific tools foster communication, coordination and cooperation among different actors of the organization and enables periodical negotiating and commitment to agreed activities. Accordingly, SEAM presents an alternative to traditional management of human potential; “SEAM attributes pivotal role to human potential materialized by tools instrumental in its implementation” (Conbere, Savall & Heorhiadi, 2015, p9). SEAM employs its six main management tools to develop a sustainable form of leadership and favor sound work place relations (Savall, Zardet, and Bonnet, 2000, 2008).

THE POLICY AND STRATEGIC DECISIONS

The third axis of the SEAM intervention dynamics is the Policy and strategic Axis. SEAM insists that the top management explore the political and strategic decisions that have to be made so that to enhance proactive strategic control and to make the organizational change possible (Conbere & Heorhiadi 2012). In fact, in order to structure and support the improvement process, top management should make several critical policy decisions. There are two kinds of policies and strategic decisions as shown in Figure 1.1: one cornering the structure of the company such as strategic choice of products, markets and technologies and enterprises structure improvements and the other related to the social and behavioral rules such as qualitative and quantitative development of human potential and enterprise behavioral ethics (Savall, Zardet, and Bonnet, 2000, 2008).

THE SEAM INTERVENTION IN HOSPITAL (A) – THE HORIVERT METHOD

The intervener-research implemented the robust SEAM intervention method i.e. the Horivert method with the associated management tools. However, the process was adapted sometimes to match the context of such intervention that happens in a hospital that doesn’t exist yet.

Prior to the intervention beginning, the intervener-researcher met with the President of the University, who is heading the hospital planning committee, in order to define the intervention requirements and objectives. At the time of the intervention, the planning team of Hospital (A) consisted of chosen personnel from the University body; the President, the Vice President for education, the Vice President for Development, the Dean of the Medical School, and the Secretary of the committee. The president assigned the persons to be engaged in the study. Consequently, the qualitative interviews of the horizontal diagnosis were conducted with the President, the Advisor of the President at the time of the intervention, the Dean of the medical school and the intervener-researcher as a being part of the planning team and performing as the secretary of the committee (see table 1.1). Then, out of the analysis of the interviews, the intervener-researcher prepared the mapping of management dysfunctions. As in all SEAM

interventions, management dysfunction themes and subthemes emerged out of the classification of the witness sentences. Table 1.2 shows management dysfunctions themes and subthemes, key ideas and a sample of witness sentences at Hospital (A).

Table 1.1: Number of interviews per management category at Hospital (A)

Top Management Positions	Number of Interviews per Category
The President	1
The Vice President for education	0
The Vice President for Development	0
The Dean of the Medical School	1
The Advisor of the President	1
The Secretary of the committee	1

Table 1.2 Management Dysfunctions Mapping Sample at Hospital (A)

MANAGEMENT DYSFUNCTION THEME	WORKING CONDITIONS	WORK ORGANIZATION	3 C	TIME MANAGEMENT	INTEGRATED TRAINING	STRATEGIC IMPLEMENTATION
SUB-THEME	ATMOSPHERE AT WORK	AUTONOMY ON THE JOB ORGANIZATION CHART	3C INTERNAL TO THE SERVICE	PLANNING, SCHEDULING OF ACTIVITIES	AVAILABLE COMPETENCY ADEQUACY OF TRAINING-JOB	STRATEGIC ORIENTATION
KEY IDEA	DE-MOTIVATING ATMOSPHERE	NO CLEAR ASSIGNMENT OF RESPONSIBILITIES MANAGEMENT OF THE UNIVERSITY AND THAT OF THE HOSPITAL ARE OVERLAPPING	LACK OF 3C	NO DETAILED TIMELINE AND SCHEDULING OF ACTIVITIES	NO PROVISION AT THE UNIVERSITY FOR THE NEED OF THE HOSPITAL LACK OF HEALTHCARE RELATED EXPERTISE	STRATEGIC PLANNING IS NOT PERFORMED STRATEGIC PRIORITIES AND GOALS ARE NOT IDENTIFIED

WITNESS STATEMENTS	“Among the problems, we should not underestimate negative atmospheres around the hospital. We are in an area that is terrified by political influence, unprofessionalism, lack of communication.”	“The most important problem is the lack of terms of reference and definition of responsibilities. We do not have a proper delegation of responsibilities.” “Mixing the management of the hospital with the one of the University is delaying the project. They should be separated.”	“There is a committee that was formed for construction and management. But I do not believe that this committee is fully in unison.”	“We should agree on set of rules. All are focusing on construction but all other aspects of the project are being neglected.”	“We lack interaction of basic scientists and physicians at the main campus.” “I do not have confidence in the ability to do the Job.” “There is no assessment of the needed core competencies in the organization regarding this project.”	“I did not think of a plan yet. I have to think about what to do. I have a tabularasa.” “There is no clear definition of the mission of the hospital. A great challenge is to educate the stakeholders on the importance of this project.”
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THE OUTCOMES OF THE HORIZONTAL DIAGNOSIS

It worth to mention to the reader that, in order to assist the University in developing a clear operational plan and a short-term strategic plan for the construction of the hospital, the basic SEAM approach was adapted as a future oriented process (Savall & Hillon, 2016). Thus, the speculated dysfunctions that were extracted from the Horizontal diagnosis will be used for the creation of a comprehensive venture plan that will help the University chart a clear roadmap for the future Hospital (A). In other words, the analysis of dysfunctions helped the intervener-researcher and the University to assess potential challenges and implement management tools to design the strategy. For instance, important outcomes resulted from the horizontal diagnosis in terms of rediscovering and redefining the original motives of the University for creating the hospital project, the main challenges and success factors for such innovation, and finally how to employ this discovery in the shaping of the new strategy.

In fact, at the beginning, the “mirror effect” process was helpful to demonstrate the inconsistency among the planning committee of Hospital (A) in defining the goals of the hospital and its role and to engage participants in a debate about the validity of the dysfunctions themes. This phenomenon is described as “contradictory inter-subjectivity” in the SEAM literature. But at the end of the process, an enhanced harmony among the planning committee members and a shared understanding of the capabilities of the University in starting such project was achieved. Actually, clarity of goals and the distinctive organization capabilities to deliver upon these goals appear to be a key factor for the success of corporate venturing units (Campbell et al, 2003; Hill and Birkinshaw, 2005). Not to forget that the researcher-intervener prepared the so called “expert advice” where he listed the root causes of the management dysfunction. The “expert advice”, showed in Table 1.3, was also presented to the steering committee and contributed to the clarification of the impact of management dysfunctions and to the definition of the socio-economic projects.

Table 1.3 Root Causes of Management Dysfunctions at Hospital (B)

EXPERT ADVICE: Root Causes of Management Dysfunctions - Hospital (B)
<ul style="list-style-type: none"> • The lack of related healthcare expertise is affecting decision making, delaying the progress of the project and creating wastes in time and resources. • The directional strategies are not communicated among stakeholders; which creates different understanding of the hospital definition and scope of functions. • There are no clear set of priorities, goals and objectives to follow which put the execution of the project at risk. • There is no high level plan and clear timeline for the project; no clear deadlines are assigned for the critical tasks. • The absence of the plan will delay execution of works. • There is a lack in communication among the stakeholders in charge of the project. It seems different members of the hospital construction team are not in unison. • The hierarchy in the hospital development team is not satisfied i.e. critical medical and administrative functions are not identified yet. The absence of such key personnel might affect the standards of a teaching hospital and delay policies and procedures making which should go hand in hand with the construction works. • Construction works are initiated but no team of experts has been identified for such a multidisciplinary project. All other aspects of the projects are not addressed yet. This will create future dysfunctions and hidden costs. • The construction team is not familiar with hospitals requirements and might need assistance form healthcare professionals to enhance decision making related to hospital construction works.

THE SOCIO-ECONOMIC PROJECTS AT HOSPITAL (A)

Most importantly, the debate around the witness statements led to concrete actions in terms of assigning the socio-economic projects to prevent the speculated dysfunctions and minimize their potential hidden costs with the help of the intervener-researcher. Table 1.4 shows a summary of the socio-economic projects for Hospital (A). However, the intervener-researcher adapted the use of those management tools to match the context of the intervention in Hospital (A). First of all, the intervener-researcher suggested the use of the tools to implement the socio-economic projects that were designed as results the horizontal diagnosis. Table 1.4 shows the alignment of the SEAM tools with the socio-economic projects. In fact, a set of objectives were assigned to each project and the Priority Action Plan (PAP) tool worked best to assign the priority actions and plan the implementation of such objectives. In fact, such priority actions, listed in Table 1.4 were believed to be “short run” in order to immediately prevent the diagnosed dysfunctions in the planning process and prevent their consequence on the future execution of the hospital project.

Table 1.4 The Alignment of the SEAM management tools with the Socio-Economic Projects

Socio-economic Project	Project 1	Project 2	Project 3	Project 4
Title	3Cs (Communication, Cooperation & Coordination)	Leadership, Decision Making and Governance	Strategic Planning	Construction Work Management
Objectives	<ul style="list-style-type: none"> - Enhance internal communication and documentation of meetings and decisions. - Enhance external communication with the community. 	<ul style="list-style-type: none"> - Develop internal healthcare competencies. - Improve informed decision making. - Minimize the overlap with University hierarchy. - Design a governance model for the Hospital. 	<ul style="list-style-type: none"> - Design, Communication and Implementation of the Strategic Plan. 	<ul style="list-style-type: none"> - Assess competencies and training needs. - Assess the quality of construction plan. - Coordinate construction works.

Responsibility	- The planning committee. - The secretary of the committee.	- The planning committee.	- The Steering Committee. - The Dean. - The secretary of the committee	The Steering Committee.
Leader	The secretary of the committee.	The Dean.	The Secretary of the committee.	Director Of Construction Department
Priority Actions	- Assign a secretary for the committee. - develop a policy for documentation and transmission of information	- Contact consulting firms. - Hire Advisory Medical Committee - Design a road map for the staffing and recruitment of the Hospital. - Design a governance model, legal aspect and organizational chart for the Hospital	- Design first draft of strategic plan. - Formulate a business Plan. - Evaluate consultants for strategic planning.	- Appointment of supervision and client representative.
Management Tools	- Priority Action Plan	- Priority Action Plan - Competency Grid	- Internal External Strategic Action Plan - Priority Action Plan	- Competency Grid - Priority action Plan

THE INTERNAL EXTERNAL STRATEGIC ACTION PLAN

In addition to the Priority action Plan (PAP), the Internal External Strategic Action Plan (IESAP) and the Competency Grid were also suggested during the intervention process in Hospital (A).

All the intervention research findings and preventive actions that was taken at Hospital (A) including the horizontal diagnosis of management dysfunctions, the root causes analysis of management dysfunctions, the socio-economic projects, and the data generated from management tools were integrated so that to formulate a comprehensive proactive short run strategic action plan. The result is the SEAM venturing plan which is the combination of IESAP and the PAP. Seven strategic axes were identified as follow:

- First strategic axis: Identify and Communicate Strategic Priorities and Goals
- Second strategic axis: Establishment of a Business Plan
- Third strategic axis: Management of Construction Works
- Fourth strategic axis: Build Healthcare Competencies and Prepare Future Human Potential
- Fifth strategic axis: Define Governance Model of the Hospital
- Sixth Strategic axis: Plan Medical Technology
- Seventh strategic axis: Enhance Communication Between Different Stockholders

One can notice that the previously mentioned strategic axes are somehow short term and solely related to the planning aspects of the Hospital (A) and not oriented to the operational aspect. This could be justified since the planning committee had a limited scope to the planning of the hospital that is not yet in action. Furthermore, the strategic axis and objectives seems oriented towards the internal domain only of the organization only without mentioning external strategies such as market, services, etc... this is could be related to the fact that the actors where under the influence of the horizontal diagnosis and mapping of management dysfunction and that they strongly associated the hidden performance of actors to the reduction of management dysfunctions. However, external and internal strategic planning does not only mean defining the long-term strategic objectives of the organization only, such as new products and new market development (Savall, Zardet & Bonnet, 2000, 2008). In fact, for future steps of the execution of Hospital (A), the intervener-researcher suggests that a further developed version of the plan can make the external objectives consistent with the internal one, especially in human potential and medical technology. This is achieved if the planning authorities take into consideration the analysis of all strategic variables such as product, market, technology and of course human potential which resulted from the SEAM intervention (Savall, Zardet & Bonnet, 2000, 2008). In fact, the resultant venturing plan will certainly reduce the future dysfunctions and hidden costs because it emerged from the analysis of the root cause of such phenomena. And with the progress of the project and as the planning responsibilities grows, the formulation of the IESAP could be reiterated and updated on the go so that to include emergent variables especially when the Hospital (A) becomes operational.

Back to practice, the strategic axis and objectives of the IESAP should be translated into concrete action through the Priority Action Plan (PAP). Table 1.5 shows a Priority Action Plan sample associated with the fifth strategic axis about building healthcare competencies that are needed during the planning process and for the future hospital.

Table 1.5 Priority Action Plan Sample at Hospital (A)

Priority Action Plan									
Strategic Axis	Priority Objectives	Priority Actions	Divisions / People Concerned	Forecast Scheduling For the Semester 2015					
				Jul	Aug	Sep	Oct	Nov	Dec
Build Healthcare Competencies and plan Future Human Potential	- Fill the lack of healthcare competencies in the University.	- Design a roadmap for the recruitment and staffing of the hospital.	- The Dean	×	×	×			
	- Enhance medical oriented decision making. - Assign medical leadership for the project. - Provide advice to the planning committee about medical and healthcare issues	- Recruit the needed healthcare professionals (an advisory medical committee).	- The Dean	×	×	×	×	×	×

THE COMPETENCY GRID

In a SEAM intervention method the management tools plays an important role in feeding the strategic plan. For instance, this section will describe the employment of the competency grid tool. In reference to the horizontal diagnosis, the socio-economic projects and the fifth strategic axis of the Internal External Strategic Action Plan, one can notice the concern of the planning committee regarding the lack of healthcare competencies. Furthermore, as depicted in Table 1.5, one of the priority actions in the Priority Action Plan was to recruit the needed healthcare professional so that to form an advisory medical committee. In fact, there was a confusion among the planning committee on how to increase the internal abilities in decision making related to the medical aspects of the project and how to acquire the “knowhow” so that to reduce the delay in the planning process. In fact, the planning committee engaged in lengthy discussions about the possibility to contract a consulting firm to manage the three years planning period before the inauguration of the hospital. However, constraints such as the increased cost of such firms made the committee investigate the value added to the planning process of such alternatives. Thus, the intervener researcher had to advise the planning committee on the value added of two alternatives: (1) recruiting healthcare professionals so to create an advisory medical committee that will constitute the backbone of the future hospital staff, and (2) contracting a consulting firm for 3 years to guide the planning committee regarding the medical aspect of the planning process.

Table 1.6 Competency Grid Simulation at Hospital (A)

		COMPETENCY GRID																				OBSERVATIONS				
		IN THE ORGANIZATION AT THE START OF THE PERIOD																								
ACTIVITIES	ACTORS	EXISTING OPERATIONS													DEVELOPMENT MANAGEMENT				SPECIFIC EXISTING SKILLS							
		SAFETY MANAGEMENT																								
		General Medical Practice	Clinical Services	Medical Services	Policies and Procedures	Safe Practice	Surgical Requirements	Patient Management	Intensive Care	Healthcare Accreditation	Space Program Audit	Architectural Maps Review	Selection and evaluation of Medical Equipment	Hospital Administration	knowledge of Market	Outpatient Management			Medical Planning	Startegic Planning	Forecast Business Assumptions	Assistance in Business Planning	English Language	Teaching Skills		
Surgeon 1		■	■	■	■	■	■	■	□	■	■	■	■	■	■	■			■	■	■	■	■	■		
Surgeon 2		■	■	■	■	■	■	■	□	■	■	■	■	■	■	■			■	■	■	■	■	■		
Pediatrician / NICU		■	■	■	■	■	□	■	□	■	■	■	■	■	■	■			■	■	■	■	■	■		
Obstetrician		■	■	■	■	■	□	■	□	■	■	■	■	■	■	■			■	■	■	■	■	■		
ICU Director		■	■	■	■	■	□	■	□	■	■	■	■	■	■	■			■	■	■	■	■	■		
Radiologist		■	■	■	■	■	□	■	□	■	■	■	■	■	■	■			■	■	■	■	■	■		
Chief Laboratories		■	■	■	■	■	□	■	□	■	■	■	■	■	■	■			■	■	■	■	■	■		
Internal Medicine		■	■	■	■	■	□	■	□	■	■	■	■	■	■	■			■	■	■	■	■	■		
Biomedical Engineer		□	□	□	■	■	□	□	□	■	■	■	■	■	■	■			■	■	□	■	■	□		
Dean		■	■	■	■	■	□	□	■	■	□	□	■	■	□			■	■	■	■	■	■	■		
																								Provisional version		
KEY:		■	Daily use mastery										□	Neither theoretical knowledge nor practice												© ISEOR 1978
		■	Occasional use or incomplete mastery										○	To be acquired												Updated: 17/3/2000
		□	Basic knowledge without practice																							

The intervener-researcher customized the competency grid of the future advisory medical committee as shown in Table 1.6. Since the medical committee does not exist, the intervener-researcher speculated the needed competencies of the actors to be recruited by the Dean. The listing of the competencies was guided by the current needs of the planning committee for medical and healthcare expertise. The competency grid shows a tradeoff between activities and actors; form one side, it shows the safety management, development management skills needed and form the other side the actors to be recruited to satisfy such skills. As shown in Table 1.6, the grid allows a clear visualization of the needed skills in a graphic and systematic form which facilitates the recruitment of the professionals. In addition, the simulation of the competency grid demonstrated the importance of the human potential, and justified to the planning committee the recruitment of the advisory medical committee members so to prevents possible future dysfunctions due to lack of competencies. This committee will constitute the backbone of the internal human potential of Hospital (A), will communicate with consultants, validate recommendations, and advise the University on the best alternatives for the development of the hospital project.

CONCLUSION

This paper detailed the SEAM intervention process in a hospital under construction. The implementation of the SEAM tools led to the creation of an internal External Strategic Action Plan, the implementation of some priority action plans and an overall organizational learning in the field of management of human potential. Although the findings were limited to the scope and responsibilities of the planning committee of the hospital, the implementation of the management tools could be exploited to design the structure of the future organization (Savall & Hillon, 2016). For instance, the competency grid could serve as the backbone of the competency management system of the future hospital. The continuous updating of these tools generates data to feed the strategic plan and help the institution to plan for recruitment, training plans and daily work organization (Savall & Hillon, 2016). One can say that the socio-economic approach to management (SEAM), with its specific management tools, showed a high contribution to minimizing uncertainty and ambiguity associated with the business venturing activity of the University through the creation of the hospital project. Additionally, the intervention helped to understand the relation of the new hospital with the University, assess the managerial needs and to chart a clear roadmap for the University to build and manage the Hospital, and to help leadership make strategic decisions in the planning and the development of the new hospital project.

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