

[Download] From Coal to Biotech: The Transformation of DSM with Business School Support

## From Coal to Biotech: The Transformation of DSM with Business School Support

*Jean-Pierre Jeannet, Hein Schreuder*  
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**Jean-Pierre Jeannet, Hein Schreuder : From Coal to Biotech: The Transformation of DSM with Business School Support** before purchasing it in order to gage whether or not it would be worth my time, and all praised From Coal to Biotech: The Transformation of DSM with Business School Support:

0 of 0 people found the following review helpful. Great review of the long term view on transformation from the inside, of a company and its business school partnersBy G. Bruce GreerThe authors have accomplished something completely different. The book tells the story of DSM's transformation, along with its business school partners,

IMEDE and Babson (Olin) from a state owned mining company to a high value life science and material science company. The book is a wonderful combination of history, case study, culture, organization, structure, story telling and transformation. Unlike many academic works, it is written with a strong business/practical inside/outside view. Outsiders often do not appreciate the importance of context, history, culture and organization in making change happen. This book weaves all of this with financial results, data, board presentations, academic links and co-operation. I have known the company and one of the authors well for 20 years while he has been going through the transformation and have gone through two chemical transformations myself. The authors do a complete job in setting context, starting at the beginning of DSM (1902). They provide a short outline of the company's history, breaking the 110 plus years into four phases, mining, base chemicals (first transformation), diversification and expansion then leaving the stage set for the next step, with many options including exit open. The final sentence of the introduction concludes, "none of the directors (of the Board) believes in hanging on." More drama than one expects in an academic text. A parallel path is followed with IMEDE, a business school whose future would be linked to DSM, and one that also transforms itself during the period in question to IMD. Readers are shown some the methods used, partnerships, and details of building construction, location and class/training programs over the years with several Chemicals clients. One is given the chance to see how the programs and instruction seminars were crafted and done. It is now time to pick up on the final phase of DSM's transformation (the second). It is here I think the authors may not have given DSM enough credit. The transformation from state owned to private was at least a transformation 1.5 and having worked with DSM at the time, a move as big as any other. In picking up the story of where do we go next, the authors cover the wide spectrum of choices, both considered and attempted, including the combination with AKZO (the Chairman of AKZO surprised everyone in a joint dinner meeting in 1992 and stated "I had a bad night's sleep, we better not do this"). Joint Ventures, mergers were considered, and again the value of inside/outside views is invaluable. The authors structure one of the most realistic presentations of how, where and why strategic conversations are hard, complex, complicated and the importance of key individuals' style and approach, while dealing with multi-level strategic, financial, personnel, market and shareholder value issues. These are difficult problems to solve and may take years to realize the full benefits of any decision. The authors show, as strategy departments are chartered to do, the measures, goals, margins, growth rates of the options, and look for gaps and issues. There were many, and companies with growth stalls would be well served to review how DSM approached the problem. Each chapter has sidebars and case studies that drill into the many different issues and methods used to analyze and solve critical problems. DSM spent considerable time grappling with the problems and developed several evolutionary paths to move to the next level. Having done this, they set out to be very open about what they were doing, the goals they had and their long term path to get there. The authors cover failed efforts, such as the many attempted moves, such as the takeover of Rhodia, and its collapse on what are always called "social issues". At the same time they review the successes (e.g Roche vitamins), why they were successes, and the way these moves pushed the company for further steps. They also address the cost of learning (1980-2000, 57 acquisitions and 84 divestitures, some ugly, that moved them up the learning curve). It is interesting to see the positioning of chapters such that you see the faculty of their business school partners also move up the learning curve and wrestle with unexpected issues. The authors use the concept of "strategic learning cycles" to denote the way DSM found its way toward a healthy future, generating a great deal of business and shareholder value along the way. They emphasize the necessary organizational and systems adaptations to maximally enable strategic learning at each step. This is illustrated using examples from MA and Innovation. The strategic moves and transformation have been a success, with DSM performing very well against its peers. This leads to the lessons and conclusions of the book. Most helpful are the three about DSM's learning cycle: Learn its own way, develop a shared language and approach and reach a combination of attitudes to become a learning organization. The others are the seven traits of a successful company (with strong links to some of Collins and Porras' work on visionary companies): Long-term orientation Evolutionary perspective Stakeholder orientation Sense of community and identity Stewardship Learning organization Conservative financing In summary, the book is a deep case study/history, with practical observations, tools and learnings throughout. Many books dealing with transformation will deal with a few main issues, touch only lightly on context, failures and conclude with the triumph of success. DSM worked hard at this for over 20 years, had many setbacks, changes and challenges, but partnered with academics, and developed strategies that worked for them in the context of the moment, while not losing sight of their next goal(s). It is clear DSM could never have skipped a few of the transformation steps (each about 5 years) to jump to the final one. This is a book for those who want to really know how it takes to transform, both in academia and business across functions, organizations, cultures and businesses. A great and helpful addition to the business world.

This management book documents the remarkable transformation of DSM, first from a coal mining company to a commodity chemicals producer and then in the last two decades to the life sciences materials sciences company it is today, with its strong focus on biotechnology. The book gives an inside view on the "strategic learning cycles" that have driven this evolutionary transformation. It also discusses the company traits that have

contributed to its ability to adapt, grow and prosper. Renowned business schools such as IMD and Babson have accompanied the second transformation of DSM through their executive education programs. The book documents this support and draws lessons for long-term collaboration between companies and the business school world.

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About the Author Professor Jean-Pierre Jeannot served on the faculty of Babson College (1974 ndash; 2013) where he last held the F.W. Olin Distinguished Professorship, while serving simultaneously on a joint-appointment at IMD Institute (1981 ndash; 2010). His teaching and research focused on marketing, strategy and globalization. At IMD, he was responsible for the DSM IMPACT seminars leading to many further strategy engagements. At Babson, he headed the seminars for DSM in the marketing area and the leadership and strategy seminars. He is a native of Switzerland and earned his MBA and PhD from the University of Massachusetts at Amherst. He holds the rank of Professor Emeritus from both Babson College and IMD. He is the author of *Managing with a Global Mindset* as well as co-author of *Global Marketing Strategies* and *Global Account Management*. He currently is the Qiushi Chair at Zhejiang University School of Management in China. He shares his residency between Lausanne, Switzerland and Vienna, Austria.

Hein Schreuder was Executive Vice President Corporate Strategy Acquisitions at Royal DSM N.V. until 2012. He has a MBA from the Erasmus University Rotterdam and a Ph.D. from the Free University of Amsterdam. He joined DSM in 1991 in the management team of the Polymers Division. In 1994 he became Deputy Director of Corporate Planning and Development DSM. In 1996 he assumed full executive responsibility for all DSM's corporate strategic and MA activities. In his early career, he has been Director of a research institute in the field of economics and business, Professor of Strategy and Organization at the University of Maastricht and Fellow of the European Institute for Advanced Studies in Management at Brussels, Belgium. He was a Visiting Professor at the University of Washington, Harvard Business School and the China Europe International Business School in Shanghai. He has written numerous articles and seven books, including (with Sytse Douma) *Economic Approaches to Organizations* (5th edition, 2012), which has been published in six languages (Chinese, English, Japanese, Korean, Portuguese and Spanish). Currently, he is a Board Advisor, Executive Coach and Non-Executive Director on several boards. He is also Board member and Adjunct Professor at Vlerick Business School in Belgium. He lives in Maastricht, is married and has four children.