



Thesis in Enterprise Management & Evolution  
“The Ambidexterity Cascade:  
evidence from the Procter & Gamble Company”

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# Organizational Ambidexterity: the concept

2

*“An organization’s long-term success depends on its ability to exploit its current capabilities while simultaneously exploring fundamentally new competencies”* **March(1991)**



- Antecedents



- Outcomes



- Moderators

## The 4 central tensions of Ambidexterity \*

1. Differentiation Vs. Integration
2. Individual Vs. Organizational
3. Static Vs. Dynamic
4. Internal Vs. External



# Research design

3



## RESEARCH QUESTION

At which level of their organizational structure do Multinational Company behave ambidextrously? And what is the relationship between Exploration and Exploitation?

RESEARCH OBJECTIVE: To synthesize and to extend existing theory about Ambidexterity

## ANALYTICAL APPROACH:

### **Analytical Abduction**

We started with pre-existing theoretical knowledge, constructed a conceptual framework based on this knowledge viewed from a still unexplored perspective and finally evaluated our framework against the data.

Abduction is a continuous process that persists throughout all phases of the research process (Van Maanen et al., 2007)

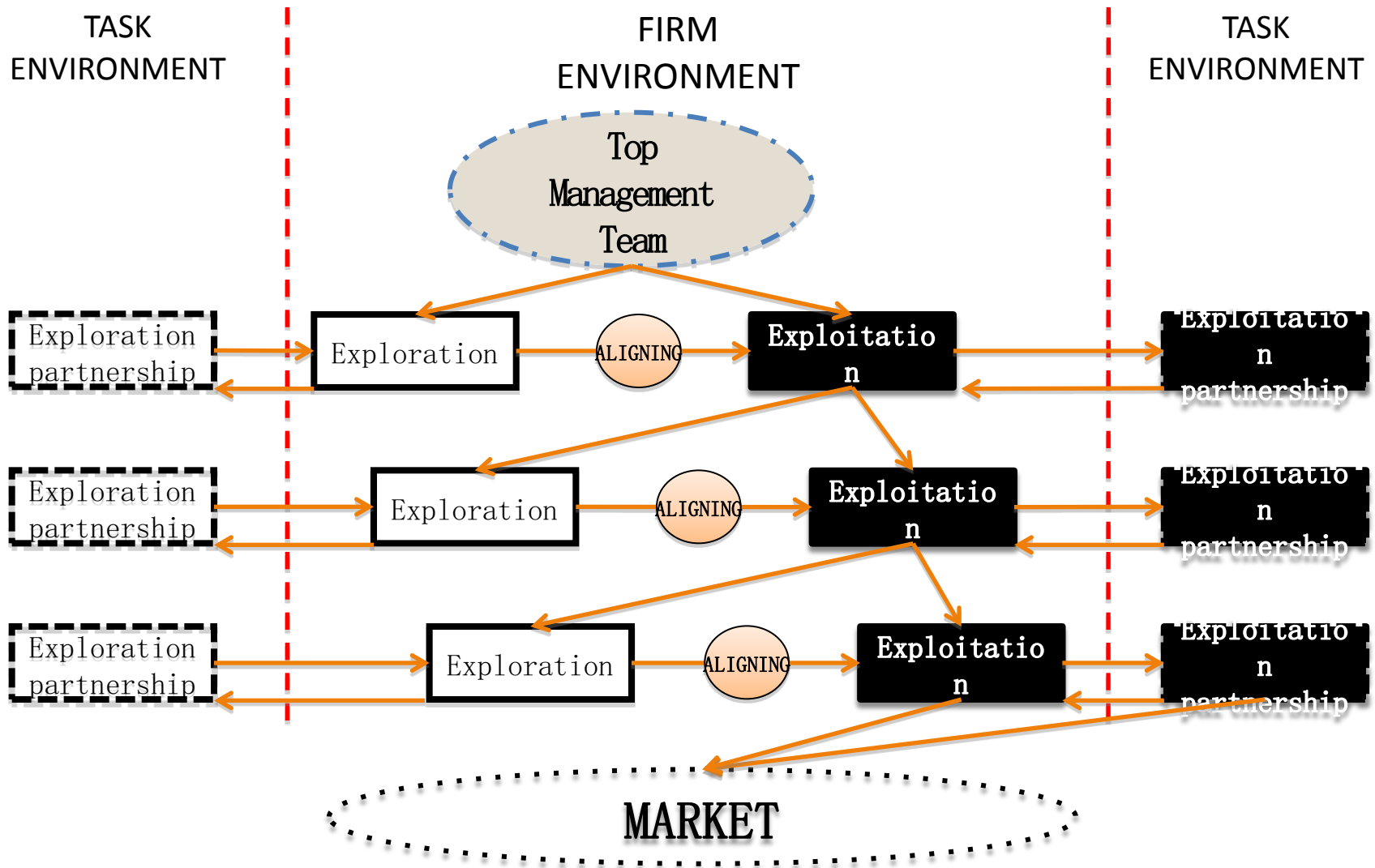
## RESEARCH METHOD:

### **In-depth study of ambidexterity in a single organization.**

This methodological approach follows the recommendation of Dyer and Wilkins (1991) that one in-depth case study is more reliable and valid than multiple superficial case studies.

# The Ambidexterity Cascade

4



# Research Setting: The Procter & Gamble Company

5



P&G is a Multinational Company headquartered in Cincinnati, Ohio (US), operating in the Consumer Products Industry. It develops, manufactures and markets personal and household products. In 2012, Procter & Gamble had over 126000 employees and sales of \$83.6 billion, yielding \$13.3 billion in operating profit.

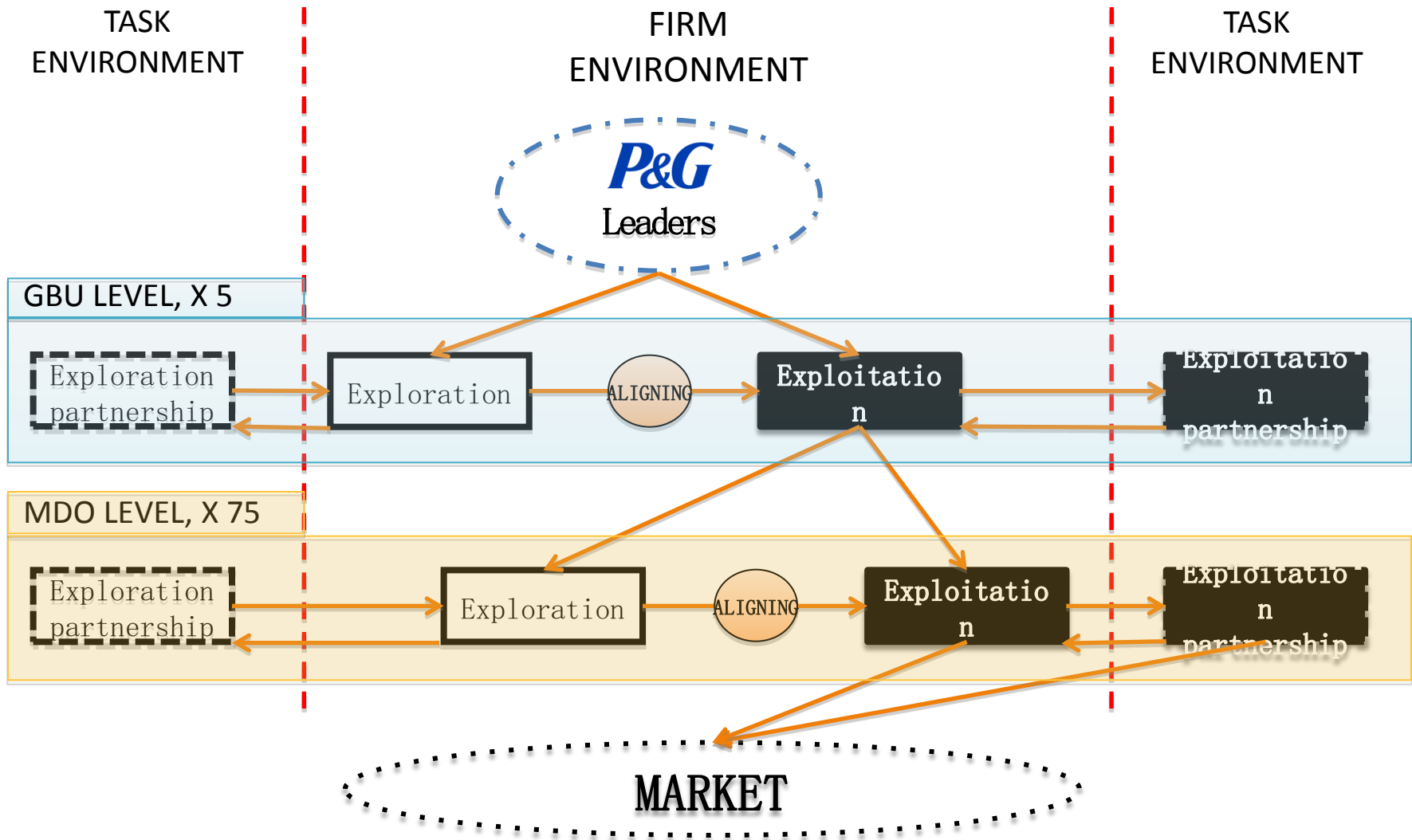


## Data Sources for the Case Study

- In-depth interviews with 5 managers of the Italian Shopper Based Design Team and External Relations representative.
- Public statements of the CEO —Mr A.G. Lafley— and other Top Managers to deepen our understanding of the corporate innovation strategy.
- Archival data:
  1. Annual Reports from 1999 to 2012;
  2. Issues of the company newsletter;
  3. Information on the institutional P&G web site and on web sites of P&G specific programs.

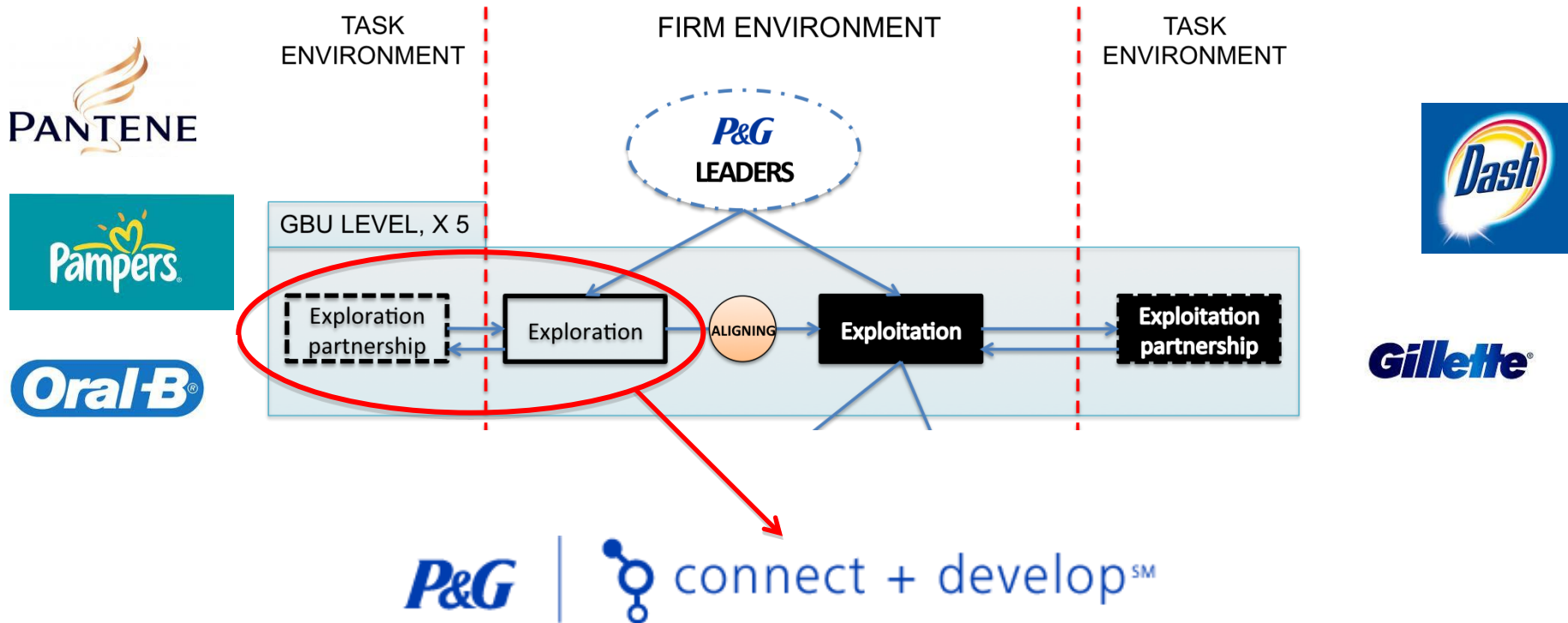
# P&G customized Ambidexterity Cascade

6



# Ambidexterity at GBU level

7



## THE MIND-SET

*If I need an idea, or a new business opportunity or have a technical problem to solve, someone, somewhere has what I need. I just need to find them."*

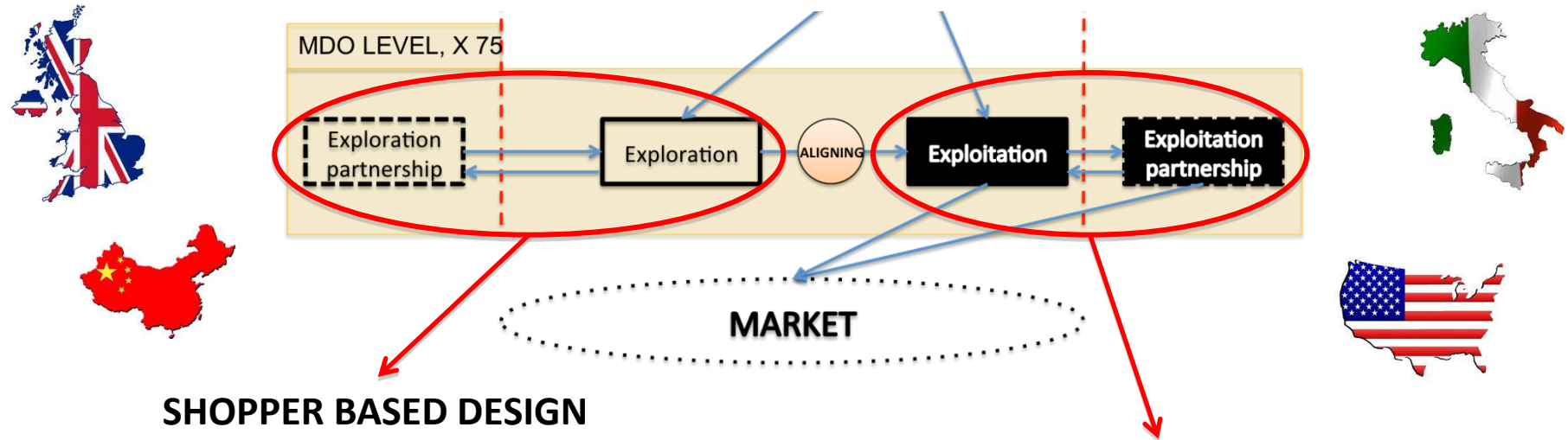
Bruce Brown, P&G Chief Technology Officer.

## THE OUTCOME

1. The pace of new product development increased dramatically
2. The success rate of new launch went from 15 to 50 percent
3. The R&D investment remained flat

# Ambidexterity at MDO level

8



**SHOPPER BASED DESIGN**

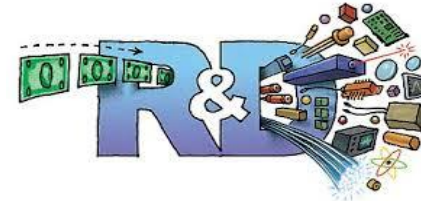
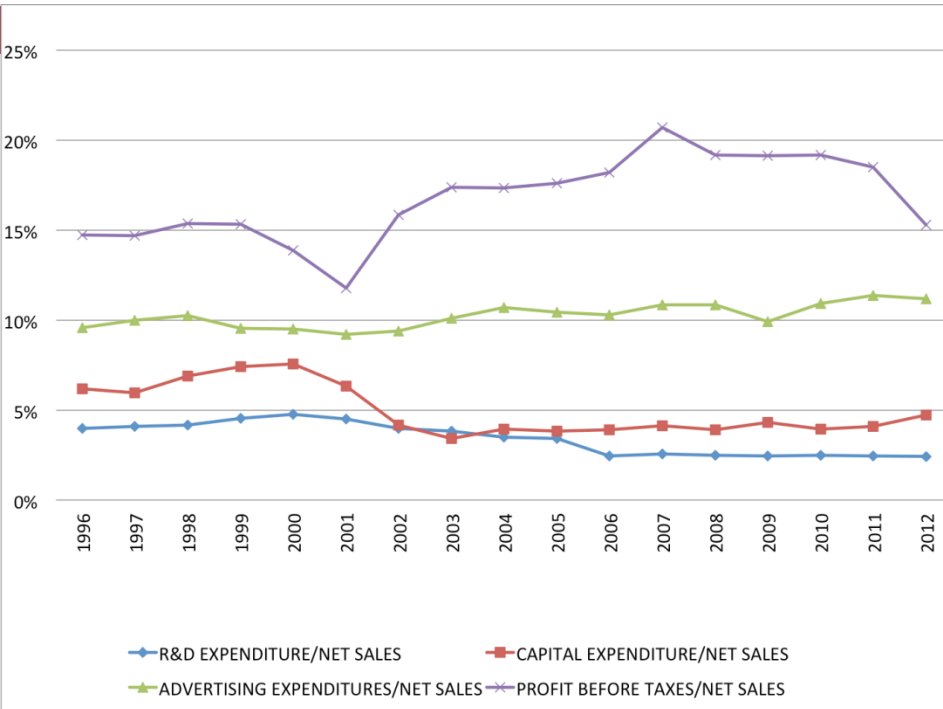


**LEVERAGING OUTSIDE AGENCY IN THE GO TO MARKET PHASE FOR**

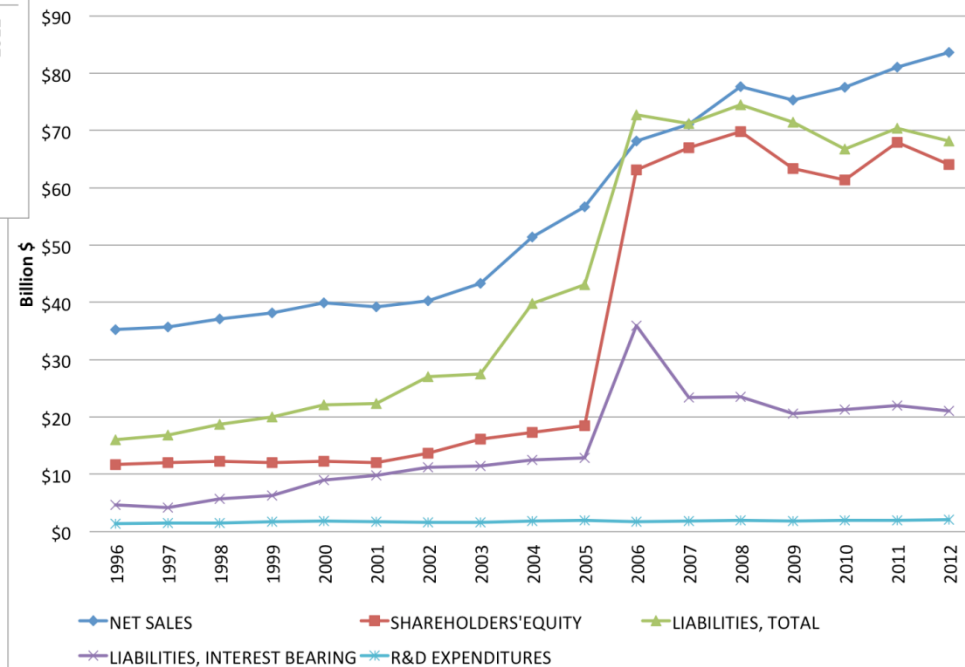
- Designing and producing POS materials
- Executing in-store plans
- Designing shelf planograms



# Ambidexterity Outcomes in P&G



From 2001 both R&D Expenditure and Capital Expenditure decrease respect Net Sales



**SALES**

From 2001

- Net Sales doubled
- Shareholders Equity quadruple
- R&D Expenditure remained flat

# Discussion

10

## Dealing with the 4 tensions of Organizational Ambidexterity



### **DIFFERENTIATION**

(Christensen 1998, Tushman and O'Reilly 1996, Gilbert 2005)

**VS**

### **INTEGRATION**

(Gibson and Birkinshaw 2004, Lubatkin and colleagues 2006)



### **INDIVIDUAL**

(Smith and Tushman 2005, Amabile 1996)

**VS**

### **ORGANIZATIONAL**

(Gibson and Birkinshaw 2004, Ghoshal and Bartlett 1997, Birkinshaw and Lingblad 2005)

### **STATIC**

(Brown and Eisenhardt 1998, Nickerson and Zenger 2002, Siggelkow and Levinthal 2003)

**VS**

### **DYNAMIC**

(Venkatraman et al. 2007, Puranam et al. 2006, Adler et al. 1999)

### **INTERNAL**

(Gibson & Birkinshaw 2004, Tushman & O'Reilly 1996, Benner and Tushman 2003)

**VS**

### **EXTERNAL**

(Rothaermel and Alexandre 2009, Kang et al. 2007, Tiwana 2008, Kauppila 2010)



THANK YOU  
FOR YOUR ATTENTION