Transcript 4.1 investeringen en bedrijfscultuur

Slide 1

Welcome to this session on investments and organizational culture. Today, we'll explore how strategic investment decisions influence resilience in times of price pressure, and why organizational culture plays a critical role in implementing these strategies effectively. It is the pattern-maintaining part in Parsons AGIL schema of the companies in the region that has to take care of the innovation.

Slide 2

Too small a scale is too expensive. **Scaling up increases the resilience of companies when prices come under pressure.** Larger producers can absorb price declines for longer periods than smaller players because higher investments and lower unit costs provide a buffer against market shocks—but this strategy also carries risks.

When many producers scale up simultaneously, overcapacity emerges. Supply grows faster than demand, causing prices to come under structural pressure. What seems like a rational choice for individual companies can lead to a downward price spiral at the market level.

This dynamic is evident in several sectors.
In the Netherlands, in the heat pump market, investments were made based on ambitious policy targets. When policies became inconsistent and demand lagged, price pressure increased and margins tightened.

In China's solar panel industry, we see a related pattern. Large-scale investments were made early, supported by relatively stable domestic policies. This has led to low costs, making this producers highly competitive and pushing export prices down worldwide.

In markets where prices fall too low, a correction follows. Companies fail, capacity disappears, and supply decreases, with prices recovering. Often, larger companies survive this phase—not because they are the most innovative, but because they can offset losses through other product lines, scale advantages, or better access to raw materials. In China's, proximity to critical resources provides an strategic advantage.

Slide 3

What does the chart from basic micro economics show?
Investment 1 – Low Capacity (FC fixed costs = 100)

- MC_1 Marginal costs (blue, solid line): Technical optimum around Q = 5
- AC_1 Average cost (blue, dashed line): Minimum around Q ≈ 5–6, then rapid cost increase

Small scale = efficient at low output, but quickly vulnerable to growth or price pressure.

Investment 2 – High Capacity (FC = 150)

- MC_2 (red, solid line): Technical optimum at Q = 10
- AC_2 (red, dashed line): Minimum at Q = 20 ($MC_2 = AC_2$)

Larger scale = higher fixed costs, but more cost-efficient flexibility.
Price lines (strategic scenarios):
High Price

- Above AC_1 and AC_2
- Both investments profitable
- Market can support multiple types of producers

Medium Price

- Below AC_1 → small investment loses money
- Above AC_2 → large investment remains profitable

Selection mechanism: scale wins.
Low Price

- Below AC_1 and AC_2
- Both investments structurally loss-making
- Only temporary production possible (if AVC is covered)

The choice of scale determines not only the cost price but, above all, whether a company can survive a price drop.

- **Small investments** are flexible but vulnerable.
- **Large investments** are more efficient but increase the risk of overcapacity.
- When many players scale up simultaneously, prices fall and smaller players disappear.

Slide 4

The Stage-Gate® model from Cooper provides a structured way to manage innovation through clear phases and explicit decision points. Its core principle is to invest gradually, based on learning and evidence, rather than committing large resources upfront.

The process starts with **Discovery**, where ideas and opportunities are explored. In **Scoping**, initial assessments are made regarding market demand, technical feasibility, and strategic alignment. The **Business Case** then translates these insights into a clear value proposition, including costs, risks, and expected returns.

Only after this foundation is in place does the project move into **Development**, followed by **Testing**, where technical performance and user acceptance are validated, and finally **Launch**, when the solution enters the market.

Between each phase sits a **gate**: a moment where management decides whether to continue, adjust, or stop the project. This ensures focus, risk control, and disciplined use of resources.

However, Stage-Gate is **not applied in the same way in every organization**. Its effectiveness depends on organizational structure, as described by Mintzberg.

In **machine bureaucracies**, such as large manufacturing or regulated energy companies, Stage-Gate is typically applied in a formal and structured way. Examples include **heat pump manufacturers**, **solar panel factories**, or producers of **insulation materials**, where investments are capital-intensive, standards are strict, and reliability is critical. Gates are formal, documentation-heavy, and decisions are hierarchical.

In **professional organizations**, such as engineering firms or system integrators, expertise plays a central role. Examples include companies developing **energy management systems**, **battery control software**, or **building automation platforms**. Here, Stage-Gate decisions rely more on expert judgment and technical validation than on rigid procedures.

In **adhocratic organizations**, such as innovative scale-ups or R&D-driven teams, speed and flexibility are key. This is typical for start-ups working on **smart grid solutions**, **AI-based energy optimization**, or **new battery technologies**. In these settings, Stage-Gate is applied flexibly: phases may overlap, and gates are lightweight to preserve momentum and creativity.

In **divisional or market-based organizations**, Stage-Gate may differ across business units.For example, a company combining **standardized insulation services** with **advanced energy storage solutions** may apply a strict Stage-Gate approach in mature markets, while using a more exploratory approach in emerging technologies.

Stage-Gate is a guiding framework, not a rigid blueprint. Its strength lies in adapting structure culture which is on the next slide and control to the organization's nature and the specific challenges of the energy transition.

Slide 5

In all his organizational culture shapes how people think, decide, and behave at work.It is more than visible behavior — it is a system of shared values, meanings, and practices. Two perspectives help us understand this:
Hofstede's layers of organizational culture, and the cultural contrasts described by Sanders and Neuijen.

> Te core of organizational culture lie shared norms and values.
> These values define what is considered normal or acceptable behavior. They are deeply rooted in beliefs and assumptions, and although often invisible, they strongly influence daily actions.

When these underlying beliefs change, culture can truly evolve. Around this core are three visible layers.

1. First, rituals: shared habits and traditions that shape how people interact, such as onboarding practices or regular team meetings.
2. Second, heroes: role models within the organization whose behavior sets the standard. They show what is valued — while anti-heroes show what is not.
3. Third, symbols: visible expressions like logos, office design, dress code, and language. They communicate identity and culture, both internally and externally.

All these layers are reflected in behavior. Behavior is what we see, but it is always driven by deeper cultural layers beneath the surface.

Slides 6

In addition to these layers of Hofstede, culture can also be understood through key contrasts.

- Some organizations focus mainly on internal harmony, while others emphasize customers and the external market.
- Some prioritize processes and rules, others focus on results and performance.
- Cultures may be people-oriented or task-oriented, open or closed, tightly controlled or flexible.
- Finally, some cultures are normative, driven by principles, while others are pragmatic and focused on practical solutions.

By combining these perspectives, we gain a clearer understanding of organizational culture.Hofstede explains the deeper layers, while Sanders and Neuijen highlight behavioral patterns and orientations. Together, they offer leaders a powerful framework to understand, diagnose, and intentionally shape culture — in support of strategy and sustainable change. This can't simply be done by drawing a new organizational chart, because values lie deeper and don't change with new procedures. In that case, informal networks will frustrate the organization.

Slide 7

As we conclude, remember that shaping culture is not about redrawing organizational charts. True change happens when we address the deeper layers of values and beliefs. By combining structured investment approaches with cultural understanding, leaders can build organizations that are both resilient and adaptable in a rapidly changing market."