

Chapter 4

The “Complete” Firm

ABSTRACT

This chapter introduces in detail the complete firm and its characteristics, structure and culture aspects, and its challenges. The chapter completes the introduction of the different entities involved in the discussion of the book. It starts with the introduction of the enterprise called the “complete firm” and moves to characterize it, presents the organizational structure, and the culture developed in order to fit the demands of the environment the firm is active in. The management aspects of the complete firm are mentioned, and the challenge of managing each different aspect of it as well as the general management of all are presented. Lastly, as preparation for the next chapter, the TSU and the complete firm are contrasted regarding the focus of their activities.

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INTRODUCTION

The discussion so far has focused on the TSU and its similar types of enterprises. In this chapter the discussion moves to present the Complete Firm, the next stage in the maturity of the enterprise.

The Complete Firm is an older type of enterprise to receive the focus of decision makers and of academic research and has thus a long history of relevant research (Penrose, 1959). This research relates to the many aspects of the firm, including the culture and structure of firms, and the resulting issues of management. It is a vast body of research and the source of numerous volumes of many pages. There is no intention to present here a comprehensive picture of a Complete Firm, or of the management of it.

In order to keep the discussion focused, the description keeps to aspects that were presented regarding the TSU, in order to emphasize the effort required for the transformation from TSU to a Complete Firm.

In order to understand that gap (to be discussed in the following chapter), the Complete Firm relevant aspects need to be presented, following by some comparison between the two.

What is the “Complete” Firm

A complete firm is a legal entity that performs the whole range of activities of a business, creating the resources it requires for continued operation independently in the long term.

Although we have discussed above some non-for-profit organizations, for the effectiveness of our discussion, the legal entities we shall be interested here are all business-like and profit oriented. Thus, the companies we discuss here are able to perform the entire range of activities that will allow them to survive in the long term, creating the profits they aim for and whenever possible attempting to grow.

Our vision of the complete firm does not mean that it runs the entire value chain internally. A complete firm is definitely one that outsources some of its activities, either temporarily or on a longer term, but still these activities are performed on its behalf, and consume to some degree some of the firm’s management resources.

The firm size is not relevant to its completeness. It can be a small consultancy that still markets its services, provides them, and collects the reimbursement creating its own resources for the future. At the other end of the scope, it can

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