# Acer Inc.

1. **What were the beginnings of Acer, what was the organization founded on – central characteristics of the organization in its beginning stages …**
   It started I in Taiwan in 1976 originally called Multitech. Originally their grand mission was to promote the application of the emerging microprocessor technology. It was acting on a poor man's philosophy. Meaning, he leased just enough space for current needs. He used a principle 1-2-3. First customers, employees and then shareholders.
   The employees had responsibility for decision making. They do not believe in control. They created a close-knit culture, coworkers treated each other like family. Shih's guidance came from slogans, stories and concepts.

   They would sell anything besides their wife.

   There was not a clear strategy in the start. They paid the employees with stock owner ship.

   Started to do **joint** ventures to increase sales. This created a commoner's culture. In order to succeed. The people were equal.

   Decentralized authority. Coaching culture, "Shifu" the master.

   There is differentiation from other organizations to attract bright people.

   How are the Firm providing legitimacy: Acer is taking care of the people which is the norm of the culture in Taiwan. They are respecting important values. They are respecting people so they example do not lose face when a bad deal occurred.

   First crate an organization and then a strategy.

   The early expansion strategy was like the game Go-One plays from the corner, because you need fewer resources to occupy the corner. They will need to join common forces. Starting in small markets which eventually will increase. They team up to compete with thee big players. Play from the corner to gain momentum.
   - Was attractive for bright young engineers, because of Shih´s Philosophy.
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2. **How did its organizational structure evolve over time? What were the important elements of its structure and what were the contributing factors in the evolution of its structure?**

As the organization starts growing, it starts specializing. Setting up units. These unit focus on different things. International subsidiaries. It is setting its own operations in different international

countries. They started to offer equity to the joint ventures. The joint ventures a becoming a part of the company. This might be due to increase power.

It began to claim market share in Europe and in the US.
When Acer exceeded 2000 employees, Shish held a "Renewal of Company Culture Seminar" to identify and evaluate the philosophies that had previously guided MultiTech. The outcome was 4 values that captured their shared beliefs, which was shared knowledge and free speak and thinking. This is still pressent a decade later. They were the second firm to develop a 32-bit pc.

In 1998 ACER made a complex multi-tiered financing involving investemnts by companies, add sales to employees and a public offering.
Shih only owned 25% of the shares while the employees owned 65%. This created a common interest towards the company.

Over the next years Shih brought in a dozen top-level executives and 100 middle managers. This creates problems with the culture because the new managers do not know how the culture in Acer works. This creates a conflict.

Acer expanded the operations of Service intelligence, a computer service and support organization.

Competition from Dell and Packard Bell made ACER's gross margin fall. Also, Shih was worried that the commoner's culture was drifting.

Shih announced a new CEO Leonard Liu with a reputation for no-nonsense professional management style.

Shih' desired to generate 5 billion in sales by 1996 so Liu made the plan to pay 94 mil for Altos to focus on the networking market. However, Altos was losing 20 mil. Through 1990s, AAC's losses increased.
There was no accountability for the profits of their business units, so managers had little incentive to ensure quality or price. To solve this, Liu removed layers of managers and introduced productivity and performance evaluations.
Acer made 300 layoffs in 1991.

Paratroopers (new managers) which challenged Acer's culture were increasing. Also, Liu tried to measure all things and create a more structural organization which was not in line with the old culture. People started to resent Liu's management.

Liu implemented the Regional Business Unit organization. Liu resigned in 1992.

Liu is creating a more structural hierarchy and going away from the family style.

He transform the business into strategic business units. Lot of autonomy fades away for these units.

Shih in 1992 wanted the company to be a global organization with planted local roots. Shih was taking a lot of the business unit public. He had an objective 21 in 21. 21 business units going public in the 21'st century.

The Taiwan HQ was not functioning as a support to client business unit. This would allow Acer to develop speed and flexibility as competitive weapons. He starts making linkages between these units of these units across the organization. Any part of the organization can start to trade with other organizations. Example, Acer America can trade with Acer Taiwan. This was very successful. Created internal market network. The structure firstt looked like a decentralized federation. When Liu comes in we see a more Coordinated federeation. Then Shih comes back he create a intergrated network structure. You need social integration to create integrated network, and need a sence of shared cultures, social integration. Acer have all three coordination mechanisms. New operating principles where "Every man is lord of his castle".

Shih began to focus on "Fast food business" where Uniload would assemble computers. And less-volatile items were shipped by sea and more volatile by plane.

Shih wants to halve Acer's five months inventory.

In 1994 they will create a Wintel-based PC that should compete with Apple in design, ease-of-use and multimedia capabilities (Aspire). Also, the PC should not remind the people of work so the decided to differentiate the pc from others. The PC could be ordered in green and grey in 1995.

The PC was very innovative and had voice-recognition.
When Shih listened to the views of Aspires critics. They told him that it was risky to and expensive to implement the Aspire project worldwide. Some people was also concerned whether Acer's client-server organization model would support Aspire becoming a viable global product.

- Created a close-knit culture, and they worked for the greater good of the company
- Creating a constant sense of crisis and showering subordinates with ideas and challenges
- Freedom in deciding → principles of intense, chaotic and laissez-faire organization
- Join forces with other mass-market customers, small investors etc...
- Later Multitech went on to the international market: they had to identify potential overseas acquisitions, set up offshore companies and seek foreign partners
- on the key principles that would carry the company forward. The outcome was a statement of four values that captured the essence of their shared beliefs: an assumption that human nature is essentially good; a commitment to maintaining a fundamental pragmatism and accountability in all business affairs; a belief in placing the customer first; and a norm of pooling effort and sharing knowledge. (A decade later, these principles could still be found on office walls worldwide.)
- Changed name to Acer and went public, which provided them with capital
- New head executive Liu
- 1991: Major layoffs after employee performance rating
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3. What theoretical perspectives can you apply to the evolution of Acer's organizational structure over time?

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4. How would you proceed with the organizing of the Aspire project?
   Develop different kinds of Acers that are sepcifik to different kinds of segment and designed different to the countries.

   What happened to Asprie: Shih gave the project go ahead and was a success. Technical sepcifications were developed by ACER America RBU. Product was manufactured in Taiwan and assembled in the US at the Uniload sites.

   In 2013 Acer missed the bus with the tablets. In 2010 so the revenue felt from 2010 and after. In 2013 Q4 Shih comes back and the revue starts to increase.