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the immediate outcome of an effective strategy formation
process**

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Strategic momentum: the Immediate Outcome of an Effective Strategy Formation Process

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Abstract

The classical writers on corporate strategy used a formulation-implementation dichotomy: top management formulated new strategy and implemented it by transferring the new strategic plan to middle management to carry it out. This dichotomy can also be found in practice, leading to an overemphasis on strategic planning and on the resulting strategic plan at the expense of attention to the creation of strategic action. However, criticisms on this approach to strategic management in theory and practice have not resulted in a clear alternative model. In this conceptual article we present a framework for strategic management, to be used for understanding and researching strategic management processes as well as to drive such processes in actual practice. It consists of two parallel processes: a strategy formation process, in which new strategy is designed *and* internalised by the people who have to carry it out, and a strategy realization process in which the strategy is realized through organizational action. We use the concept of strategic momentum as the pivot of this framework: strategic momentum, i.e. perseverance in certain strategic behaviour, is the immediate outcome of an effective strategy formation process and it is through this strategic momentum, rather than through the strategic plan, that business results are realized. Thus the creation and maintenance of the right strategic momentum is the key issue in strategic management. Using Tichy's well-known TPC-model this requires a combination of technical, political and cultural management interventions, resulting in the combination of collective insight, empowerment and commitment. We discuss the background of the concept of strategic momentum and we discuss the use of our framework in research and in actual strategic management.

Introduction

Early writers on strategy (Andrew, 1965; Ansoff, 1965) used a formulation – implementation dichotomy. First the CEO of a company formulated a new strategic plan, supported by his staff and possibly some outside strategy consultants with a background in business and economics. Subsequently the strategic plan was implemented, possibly with the help of organizational change or development consultants, rather having a background in the social sciences. After that the long term business objectives were expected to be realized by middle management and their subordinates. However, in practice too many strategic plans remain 'paper tigers', leading Ackoff to compare strategic planning to 'a ritual rain dance: it has no effect on the weather that follows, but it makes those who engage in it feel that they are in control' (Ackoff, 1979, p359).

This formulation-implementation approach has been criticized, among others by Mintzberg and Quinn (1991), who maintain that in reality 'formulation and implementation are intertwined and complex, interactive processes in which politics, values, organizational culture, and management styles determine or constrain particular strategic decisions. And strategy, structure, and systems mix together in complicated ways to influence outcomes' (Mintzberg and Quinn, 1991, p xvii). We support the views of Mintzberg and Quinn. However, we feel that one should go further than showing the complexities of strategic management.

In this conceptual article we present a framework which can be used both for understanding strategic management processes and for designing and driving such processes. The core of this framework consists of two interacting parallel processes. The first one is a *strategy formation* process, operating in the immaterial domain of communication, in which strategy is formulated and internalized by the people who are to carry out the strategy. And the second one is a *strategy realization* process, operating in the material domain of action, in which people strive to realize long term business objectives by actions like developing, manufacturing and selling products, see fig 1. And we use the concept of *strategic momentum* as the 'channel' through which the strategy formation process influences the strategy realization process: an effective strategy formation process produces strong strategic momentum in the direction of the chosen long term business objectives, which then should realize the planned long term business results.

The concept of the strategic momentum is the pivot of our framework. It is a concept originating in physics, but it has become part of general parlance, as well as in various more specific domains like sports and especially in the military: the momentum of an attack or offensive can build up or peter out. But it is also a well known concept in organization studies. In the next section we will discuss the origins of the concept in physics, the momentum or impetus of moving physical bodies, and its transfer to the idea of behavioural momentum, i.e. perseverance in behaviour. Then we will discuss the use of the concept in the academic organization literature, followed by our own interpretation of it. Once the pivotal concept is defined we present our framework for strategic management and discuss how it can be used in research and in actual strategic management.

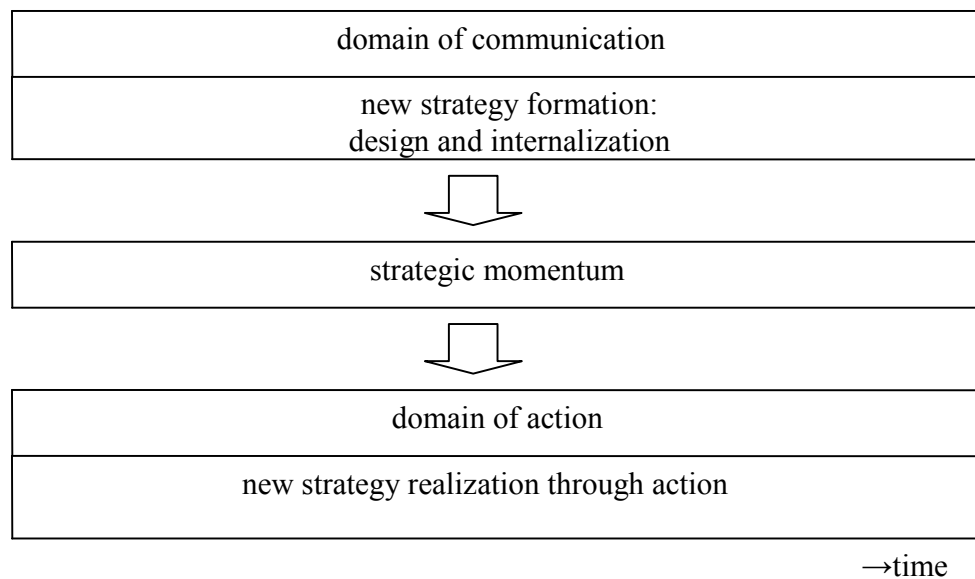


fig. 1. Strategic momentum as pivot between the processes of strategy formation and strategy realization

The concept momentum

Webster's ninth new collegiate dictionary (1989) defines momentum as 'a property of a moving body that determines the length of time required to bring it to rest when under the action of a constant force or moment'. And it gives as a broader meaning of momentum 'impetus or driving force'. Momentum is a concept originating in physics. In formula: the momentum of a moving body equals mass times velocity ($p=m*v$). Momentum is a *vector*, which means that it has a certain direction (the direction of the velocity). In order to change momentum, i.e. a change direction or an increase or decrease of velocity, one needs to apply *force*. In formula; the applied force equals the *change* in momentum ($F = m*dv/dt$). It is on the basis of this relation between force and momentum, that Webster's give their definition.

The concept of momentum in its meaning of impetus or driving force is also used in various other domains, although in various interpretations. Nevin et al. (1983) used it in the meaning of *perseverance of behaviour*. They trained pigeons to press buttons to obtain certain gratifications. After changing the functions of the buttons the poor pigeons kept pressing the same buttons, this time without gratification. They called this perseverance of behaviour *behavioural momentum*.

Mace et al. (1990) and Plaud (1999) have extended this approach by describing perseverance in human behaviour in terms of behavioural momentum of individuals. They studied behavioural momentum in experimental settings, using certain reinforcement processes to vary the magnitude of the behavioural momentum of their subjects.

Interestingly enough Nevin et al. (1983) only measure perseverance of behaviour and

document the conditions producing behavioural momentum, but do not research the actual drivers of or factors causing momentum. They use a *stimulus-response model* (SR-model), not a *Stimulus-Organism-Response model* (SOR-model). This would be, of course, quite difficult to do for pigeons, but very interesting in human behaviour: what causes (in a SOR-model) perseverance in human behaviour?

We can also mention Burke et. al (2003), who discuss momentum in sports. They suggest that it is a common term in the vernacular of sports, but that it is difficult to operationalize. Examples of the use of the concept of momentum in war are several descriptions of battles by Goldworthy in his book on famous Roman generals (Goldworthy, 2003), where he discusses how the momentum, or precisely the lack of momentum, of certain attacks decide the outcome of the battle.

The concept of strategic momentum in the organization literature

The article by Miller and Friesen (1980) 'Momentum and Revolution in Organizational Adaptation' is the first publication on momentum in the academic organization literature. They do not define momentum formally, but just say it is 'pervasive', and discuss it in terms of reinforcement of organizational *change*. Changes of organizations have a certain direction of change, like towards more organic or more centralized structures. If there is organizational momentum, there is a tendency to reinforce the change process in the direction of becoming more organic or more decentralized. And attempts to reverse that direction meet with resistance, thus making the existing organizational momentum felt. They present much literature on resistance to change and adaptation and on its causes, like enduring myths and ideologies, the primacy of heuristics, which were successful in the past, vested interests of political coalitions, reluctance to admit failure.

As said, Miller and Friesen do not give a formal definition of momentum. They introduce it in the sentence 'any emerging organizational tendency, whatever its direction, will tend to have momentum associated with it'. For them the term 'momentum' seems to be self-evident. In fact, momentum is for them something like coherence in the change of direction of many variables (so it is pervasive) and the continuity of that coherence. They see momentum as a kind of spontaneous, self-reinforcing process

Amburgey and Miner (1992) discuss momentum in their article 'Strategic Momentum: the effects of repetitive, positional and contextual momentum on merger activity'. They define strategic momentum as 'the tendency to maintain or expand the emphasis and direction of prior strategic actions in current strategic behaviour'. Unlike Miller and Friesen they connect momentum with behaviour and not with change in behaviour. As the title of their article says, they distinguish three types of strategic momentum, respectively repetition of successful previous actions, strengthening the present strategic position (choice of product-market combinations and the associated competitive strategies), and reinforcement of behaviour by contextual factors. As opposed to Miller and Friesen, who are interested in the evolution of organizational variables, their three types of momentum are all based on the content of actions.

Gersick (1994) puts the discussion in the framework of the punctuated equilibrium model: organizations have long periods of converging growth, during which a certain

momentum is sustained or even increased, interspersed with periods of upheaval/revolution, during which momentum disappears or is destroyed and after which a new period of gaining and sustaining momentum begins. Like Miller and Friesen they interpret momentum in terms of *change* in behaviour.

Jansen (2004): draws on a lot of 'momentum research': 'momentum is a popular concept'. She distinguishes *inertia*, the momentum associated with strategic persistence, and the momentum of strategic change.

Strategic momentum as pivot in strategic management processes

Less than careful use of analogies and metaphors can be dangerous (Gavetti, Levinthal and Rivkin, 2005). Therefore, we propose to stay close to the use of momentum in physics. If we also want to focus on the role of management, we should liken managerial interventions with physical force. Then behaviour can be likened with velocity, and *change* in behaviour under the influence of managerial interventions with acceleration, caused by the application of force. As said, we see momentum as perseverance in behaviour and not as perseverance of change in behaviour. And we do not follow the interpretation by Miller and Friesen (1980), Gersick (1992) and Jansen (2004) of momentum as a kind of spontaneous and self-reinforcing phenomenon of perseverance of change. Rather we see this (important) phenomenon of perseverance in change as the result of constant pressures of top and middle management in a constant direction, just like the acceleration of a moving body (its change in momentum) is caused by the application of a certain force. This enables us to reserve the concept of momentum for perseverance in a certain (strategic) behaviour, as for instance Nevin et al. (1983) and Amburgey and Miner (1992) do.

We define the strategic momentum of a social entity as *perseverance in certain strategic behaviour of that entity*. In the context of strategic management it is perseverance in the pursuit of certain long term business objectives, following broadly certain courses of action. If a certain strategic momentum results from an effective strategy formation process, one might say that strategic momentum is perseverance in the resolution of the strategic issue in question, broadly along the course of action designed during that strategy formation process.

We see strategic momentum as a multi-level concept in two respects: the social entity in question can be an individual, a group, a department, an organization or even a country (e.g. a country at war). And one can denote with strategic momentum the perseverance in the pursuit of an overarching strategy, but also certain minor strategies to achieve subordinate or intermediate results. So in our interpretation strategic momentum can refer to perseverance in any strategy at any level.

Perseverance in certain (strategic) behaviour, respectively perseverance in change of behaviour, can be caused by many factors. For instance, Miller and Friesen (1980) cite the success of certain heuristics (causing the repetition of such heuristics, even under changed circumstances) or organizational culture (promoting certain strategies and discouraging others). But if one wants to *realize a certain strategic momentum by*

management interventions, one should look at the general organizational or strategic change literature. A well-known model is Tichy's TPC-model (Tichy, 1983), stating that significant, or strategic change should be simultaneously managed in the technical, political and cultural (sub)systems. Technical, political and cultural interventions will create respectively *collective insight*, *empowerment and commitment* with respect to a certain strategy, resulting in a certain *strategic momentum*: the strategy and its intended outcomes will be pursued by the organization or organizational unit in question, also in the face of not anticipated difficulties and changing circumstances.

So, in our framework one can produce perseverance in the pursuit of a certain strategic plan by developing in the first place insight into that plan with the people who are to carry it out, which does not only mean knowledge of the plan itself, but also in the analyses, values and motives that have led to it, and even in the rejected alternatives plus the reasons for rejecting them. This will enable them to adapt the plan and their actions to changed circumstances. In the second place these people must be empowered to use the resources allocated to the realization of the given objectives. This does also mean the authority to use one owns company time for certain activities, and also the availability of sufficient resources, ranging from freeing some time for some individuals for these tasks to large amounts of manpower, equipment and logistical support. (Top management may empower people to pursue certain objectives, but if the company lacks adequate resources, empowering one's people is not enough to achieve those objectives). And in the third place the people concerned should be committed to the strategic plan. For this a participative process is often effective.

Collective insight, empowerment and collective commitment will produce strategic momentum. However, 'collective' does not imply (total) uniformity across the organization or organizational unit. There can still be some heterogeneity – that may be even good for the organization - but a certain minimum is needed before there is something like strategic momentum. (Maybe you need a certain degree of heterogeneity to have sufficient variety of responses of the social entity in face of dynamic complexity).

Organizations produce results through cooperation between individuals and between groups. A 'sufficient degree' of strategic momentum strongly supports that production of results. Too little strategic momentum is bad. But one can also have too strong collective insight, the infamous (closed) group think. And too strong collective commitment can degenerate into doggedness, obstinacy.

Perseverance in organizational behaviour is created through the combination of collective insight, empowerment and collective commitment. That does not mean that all three are in all settings equally important. In this we may apply the theory of the *limiting* factor: tomato plants need water, light and fertilizer to grow. If growth is below expectations, one should do something about the limiting factor: maybe there is enough light and fertilizer, but the water might be the limiting factor; otherwise one might have to do something about the light or the fertilizer. Likewise a successful strategy realization needs insight, empowerment and commitment. In some settings empowerment may not be the issue, but insight is; in another setting commitment may be the limiting factor.

A framework for understanding and driving strategic management processes

Now we have defined strategic momentum, the pivot of our framework, we can present that framework, see fig 2. Strategic management aims to realize long term business results. This takes two types of processes: *strategy formation* in the immaterial domain of communication, in which new strategy is formulated and internalized by the people concerned, and *strategy realization* in the material domain of action, in which the people concerned work at realizing the planned business results through actions like developing, manufacturing and selling products. The process of strategy formation may precede strategy realization, but typically it is intertwined. Reality never unfolds as planned, there are always set-backs and disappointments or unanticipated new opportunities. So continually one has to make adaptations and improvisations. Yet, in order to realize a certain strategy, one has to keep focused on the objects set and adhere in broad lines to the course of action planned: one needs *perseverance of strategic behaviour*.

The process of strategy formation has a *fuzzy front end* in which awareness is created of a certain strategic issue and a coalition is built of sufficient powerful or influential people who feel that something should be done about it. Then a more or less formal strategy

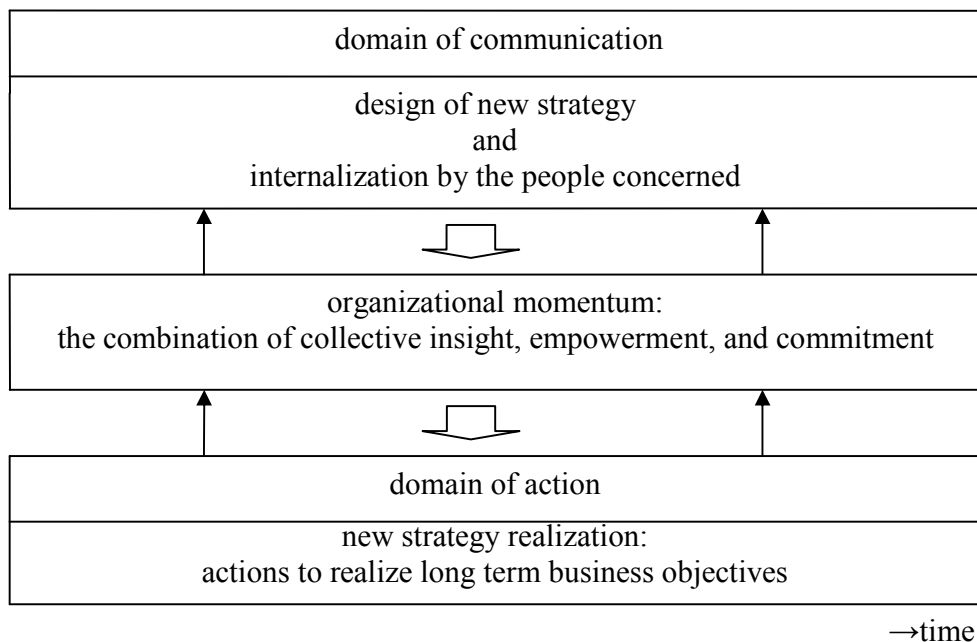


fig. 2. A framework for understanding and driving strategic management

form Goldworthy (2003) ation process can be started.

And the process of strategy realization has a long tail. At first everybody is strongly involved in actions to realize the planned long term business objectives; there is much strategic momentum in the direction of these objectives. But after a time, unless reinforced by further strategy formation actions, that momentum will decrease, because

these objectives have been (sufficiently) realized, because the new course of action has become daily routine, or because other objectives have become more pressing.

Strategy formation and strategy realization are intertwined processes. It may be that the situation is not too novel and the changes in roles and routines not too great. In such cases strategy formation may largely precede strategy realization (a kind of design approach to new strategy development). However, the situation may be very novel and/or the organizational changes very significant. In such case one might be reluctant to realize a new strategy in one go, but use at first small scale pilot implementations, like in Quinn's logical incrementalism (Quinn, 1980). Then strategy formation and realization are much more intertwined.

Strategic momentum as pivot of strategic management

Instead of the classical formulation-implementation dichotomy we use a formation-realization one, see fig 3. In the classical dichotomy the immediate outcome of a strategy initiative is a new strategic plan and it is through this plan that the long term business results are to be produced. It is seen as the task of middle management to drive action. This is not always a successful approach, hence the often heard complaints of the strategic plan as 'paper tiger', the strategy process as a 'corporate rain dance' and the middle management as a 'frozen zone', difficult to penetrate by top management. In our dichotomy the immediate outcome of an affective new strategy initiative is strategic momentum. It is that momentum that should realize the long term business results, also in the face of set-backs and disappointments. And it is the responsibility of top management to create insight, empowerment and commitment with respect to the new strategy. If middle management proves to be 'frozen', typically that is not proof of inadequate middle management, but rather of an inadequate strategy formation process.

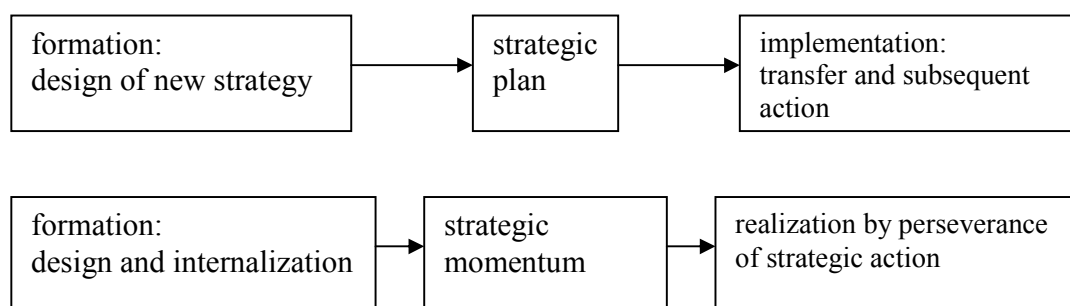


fig. 3. The differences between the formulation-implementation dichotomy and the formation-realization one: design as a self-contained process versus design and internalization as an integrated process; the strategic plan as driving action versus strategic momentum as driving action

Research issues

A key issue in research on strategic management is linking long term business results to aspects or outcomes of strategic management processes. Trying to determine the relation between the strategic plan and the eventual long term business results is an obvious approach. However, typically after some time the strategic plan is adapted to changing circumstances and insights. With what strategic plan, then, are the business results to be linked? We propose to use the strategic momentum, as immediate outcome of the strategy formation process as basis, and research on the one hand the relation between this momentum and the characteristics of the strategy formation process, with the hypothesis that a 'good' process produces strong strategic momentum. And on the other the relation between strategic momentum and long term business results, with the hypothesis that a 'good' momentum, i.e. suitable content, combined with perseverance of strategic behaviour, will produce 'good' business results. Research can be aimed at finding out what properties a 'good' strategy formation process should have in different contexts, and in what ways strategic momentum is linked with eventual business results.

In a preliminary study, Akkermans and Van Aken (2005) found in six case-studies on strategic decision-making a remarkable sustainability of momentum (in their case a combination of insight and commitment, empowerment not being a limiting factor in their cases). In four of these cases people even after some years still adhered to the plans – be it in adapted form – and they attributed this perseverance to the ‘quality’ of the decision-making process. In two cases the SDM-process had had a low ‘quality’, i.e. it had been strongly disturbed by politics, which quite soon resulted in an abandonment of the original decisions.

Concluding remarks

Our framework intends to give a balanced view on content and process, shifting the focus of attention from the strategic plan itself, to a learning approach with a focus on the people who have to realize the long term business results. The objective of new strategy development should not be to *tell* people what to do, but to *learn, enable and motivate* people to realize business results in the given business context on the basis of a number of broad business choices. The empirical research, described above, may support these ideas.

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