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Strategic Growth and Implementation:

Thriving in a Disruptive Landscape

Prof. Dr Tom Mom



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Prof. Dr Tom Mom

Address delivered at the occasion of accepting the appointment as Endowed Professor of Strategic Growth and Implementation on behalf of the Erasmus Trustfonds, Erasmus University Rotterdam, at the Rotterdam School of Management, Erasmus University Rotterdam on Friday 22 February 2019.

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Abstract

To create wealth in a changing and competitive landscape, managers need to identify and develop opportunities for new strategic growth. They also need to have excellent implementation capabilities to reap the benefits of their new growth initiatives. Yet, most managers and companies struggle or even fail to do so. To address this struggle, management practice and research about strategic growth and about implementation need integration. In this inaugural address, I propose three avenues, which may contribute to this. First, for organizations to become really good at developing new strategies for growth and also at implementing them, they need ambidextrous managers, i.e., managers with the capacity to do two very different things equally well, like being entrepreneurial and strategic, conducting exploratory and exploitative learning, and putting in place top-down and bottom-up strategic processes. The second avenue is about creating close connections and systematic interactions between new growth and implementation activities within the organization and among the actors involved. This pertains to managers across different hierarchical levels and to the involvement of operational managers and employees. The third avenue points to scale-ups as an exciting context for practice and research on growth and implementation. Interest in scale-ups may benefit from going beyond typical macro questions of job creation as scaling-up a company rapidly is full of unique managerial and organizational challenges, and scale-ups have the potential to be impactful forces for positive change.

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Samenvatting

Om welvaart te creëren in een veranderend en concurrerend landschap, moeten managers kansen voor nieuwe strategische groei identificeren en ontwikkelen. Ze moeten ook uitstekende implementatievaardigheden hebben om de vruchten te plukken van hun nieuwe groei-initiatieven. Toch worstelen de meeste managers en bedrijven hiermee, of slagen er helemaal niet in. Om deze worsteling beter aan te gaan, moet de praktijk van strategische groei en implementatie worden geïntegreerd. Dat geldt ook voor het onderzoek. In deze oratie stel ik drie wegen voor, die hieraan een bijdrage kunnen leveren. Ten eerste moeten organisaties, om echt goed te worden in het ontwikkelen en implementeren van nieuwe groeistrategieën, zogenaamde 'ambidextere managers' hebben. Dat wil zeggen managers met het vermogen om heel verschillende - of zelfs tegengestelde - dingen goed te doen, zoals ondernemend en strategisch zijn, exploratief en exploitatief leren, en van bovenaf en bottom-up strategische processen opzetten. De tweede weg gaat over het leggen van nauwe contacten en systematische interacties tussen nieuwe groei- en implementatieactiviteiten binnen de organisatie en tussen de betrokken actoren. Dit heeft betrekking op managers van verschillende hiërarchische niveaus, en omvat in het bijzonder de vraag hoe operationele managers en werknemers hierbij meer betrokken kunnen worden. De derde weg wijst naar scale-ups als een spannende context voor de praktijk van en het onderzoek naar groei en implementatie. Scale-ups zijn niet alleen interessant vanuit macroniveau perspectief en als banenmotoren. Het snel opschalen van relatief jonge bedrijven kent unieke management en organisatorische uitdagingen, en scale-ups hebben de potentie op een invloedrijke manier positieve verandering teweeg te brengen.

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1. Introduction

**Dear Rector Magnificus of Erasmus University,
Dear Board Members of the Vereniging Trustfonds,
Dear Deans of Rotterdam School of Management,
Dear family, friends, colleagues, and students,
Dear distinguished guests,**

It is an honor and a privilege to accept the appointment of Endowed Professor of Strategic Growth and Implementation at Erasmus University Rotterdam by means of this inaugural address.

The key job for strategists and entrepreneurs is to identify, develop, and implement opportunities to create and capture wealth for the organization, its stakeholders and society. To do so, they must not only have a profound understanding about the organization itself, but also about the external business environment, which is currently changing rapidly. For example, shorter product life-cycles, increased demand for corporate sustainability, convergence of technologies and industries, changing global landscapes, the digital revolution, and the entry of competitors applying new business models have created a landscape in which change is more and more unpredictable, abrupt, and revolutionary (Christensen, McDonald, Altman & Palmer, 2018).

To stay ahead in such a landscape managers need to constantly create new strategic initiatives for growth and to develop excellent execution capabilities to reap the benefits of their new initiatives in time. Yet, most companies struggle or actually fail to do this as shown by a vast body of research on strategic management and entrepreneurship. Therefore, the topics addressed by this chair may very well keep executives and researchers awake at night.

If we zoom in on large corporations, we see that almost half of the S&P 500 companies have been replaced in the past decade, including many iconic companies like Yahoo!, Dupont, and Dell. Sometimes this is due to M&As, but more frequently the reason is that such companies fail to adequately develop and implement new businesses for growth and have therefore been surpassed by faster growing competitors. Indeed, many studies report failure rates between 40 and 80 percent of new product development and introduction, new corporate venture efforts, and strategic renewal initiatives (Josefy, Harrison, Sirmon & Carnes, 2017; Karakaya & Kobu, 1994). As such, the slogan a **Kodak moment** is still iconic, but today it has a different meaning. It warns executives of the need to respond adequately and timely when disruptive developments affect their business environment. Despite its talent, money, and technologies, Kodak failed to jump on the bandwagon of digitization and social media. Fuji, which was a distant second player in the film business, explored new opportunities aggressively and created products adjacent to its film business, such as magnetic tape optics and videotape. It branched into copiers and office automation, and today it competes in healthcare and electronics operations (Anthony, 2016).

If we zoom in on startups, we see similar types of challenges. Startups are considered crucial for economic development, new job creation, and the development of breakthrough innovations. Although there are many governmental and private startup support programs, research indicates that up to 90 percent of startups cease to exist after five years, and that less than one percent develops into a scale-up (Jansen & Roelofsen, 2018; Josefy et al., 2015). Scale-ups are defined as firms that achieve more than 20 percent average growth in employees or sales turnover per annum over a three-year period, and with more than ten employees at the beginning of the period (OECD, 2007). Apparently, it is also difficult for startups to grow and to capture at least part of the wealth they create by smart implementation of strategy. Who still remembers Hot-Orange? This Dutch startup was founded in 1999 and quickly became the leading webshop in the Netherlands. It had serious plans for an IPO in 2000, but went bankrupt a year later. Compare that to another 1999 startup, which chose as a name the opposite of Hot-Orange: Coolblue. It has been showing double-digit growth rates year after year, with a turnover of more than a billion euro in 2017. Its success stems from its ability to continuously develop new opportunities for growth combined with strategy implementation focused on improving the net promoter score or the customer journey, reducing complexity, and enhancing internal learning.

Why is it so difficult for organizations to create and capture new wealth in an unpredictable and changing landscape? To understand this better, we need to identify how executives perceive and make sense of the external environment to spot new opportunities for growth. We know that one of the reasons that firms fail to successfully seize the next opportunity for growth is simply that senior management has waited much too long before renewing the organization. A focus on the financial S-curve may blindfold decision makers for early warning signals indicating that the basis for competition is changing and that current capabilities are becoming outdated (Nunes & Breene, 2011). We also need to better understand how managers can overcome inertial forces and allocate resources to the development of new businesses. We know that organizations are generally designed to strengthen existing advantages and to ensure the success of their ongoing business. Yet, the development of new capabilities does not flourish well in established systems and may disrupt existing commitments and ongoing operations in significant ways. Finally, we need to increase our understanding of how organizations implement new strategy. In a world of increasing competition and fast-paced change, implementation is a decisive factor for firms to reap the benefits of their newly developed growth-seeking activities. However, while studies stress how difficult it tends to be for firms to implement strategy, particularly concerning new directions and initiatives, the evidence presented in the literature is often anecdotic, fragmentary, or outdated (Candido & Santos, 2015).

Consequently, fundamental pieces are missing about how organizations identify and develop new opportunities for growth and implement them to create and capture new wealth. In the following sections of this address, I will sketch the scientific domains of this professorship, discuss the fundamental missing pieces, and lay out an agenda for future research. The essence of this agenda is that integrating theory and research on entrepreneurship and strategic management may offer important opportunities for a prosperous research agenda.

2. Developments in the fields of strategic growth and implementation

Strategic growth: Short review and beyond

Much of the theoretical and empirical research on how firms grow is founded on the classical work of Edith Penrose, *The Theory of the Growth of the Firm*, published in 1959. At the core of this theory is the idea that the primary limit to firm growth is its current resources, notably managerial resources. Substantial administrative problems arise when a firm grows, and management's key task is to address these problems and to balance the rate of growth with the firm's current resource endowments. However, contrary to many other resources, managerial resources cannot be increased immediately through purchase on the factor market. Put simply, human resources for the management of growth are scarce, and newly recruited managers cannot become fully effective overnight (Penrose, 1959). Due to the scarcity of managerial resources, periods of high growth are typically followed by slow growth, known as the **Penrose effect**.

In the 1980s, the resource-based view developed (Barney, 1991), which in some way can be seen as an extension of the work by Penrose. This view suggests that in order to grow over time, firms must exploit a competitive advantage by deploying unique, firm-specific resources that will allow them to outperform competitors by doing things differently. Besides managerial capability, other resources that are difficult to imitate and substitute are important as well, notably intangible resources such as the firm's relational capital, culture, intellectual property, and image. As an outgrowth of this, in the 1990s and beyond, the knowledge-based view developed (Grant, 1996), which considers knowledge as the firm's most strategically significant resource and sees management's primary role to integrate and apply specialist knowledge residing in different places throughout the organization.

Notwithstanding the valuable insights generated by these research efforts, researchers and practitioners realize that we need to rethink established theories of firm growth (Dagnino, King, & Tienari, 2017). When markets saturate faster, product life cycles shorten, change and competition intensify, and challenges to grow go beyond leveraging and deploying existing resources. What is needed is a strategic perspective on growth, or what others have called the strategic management of dynamic growth (Dagnino et al., 2017). In other words, companies need to constantly seek and develop new opportunities for growth, not merely by deploying existing resources and improving their core business, but by venturing into new or adjacent markets and by creating new resources and capabilities. Such a perspective on growth is not per se about increasing company size, but is about renewing the core capabilities of the organization and the basis for competition and to increase the long-term viability and performance of the organization.

Implementation: Short review and beyond

Strategy implementation typically refers to the organizational and managerial actions that allow a firm to utilize its resources to accomplish pre-defined goals and objectives. As such, it is about how a firm takes advantage of opportunities and captures wealth.

Research on strategy implementation took off in the 1980s. Traditionally, implementation was considered to be a linear process that followed the formulation of strategy. Driven by agency theory (Govindarajan & Fisher, 1990), organization theory (Hrebiniak & Joyce, 1984), and the idea of bounded managerial rationality (Simon, 1982), the core of strategy implementation at that time was seen to reduce complexity by chopping up long-term goals and problems into smaller manageable proportions, and to make the appropriate choices regarding formal organization design. Thus, after defining a new direction, the next questions for management were about how to divide and group the work to be done, what evaluation and control systems to put into place, and what short-term objectives to establish at the operational, team, and individual level. Research at that time emphasized the central role for top management to make such decisions, and the importance of a configurational fit between strategy implementation variables and the type of strategy chosen. For instance, a centralized structure with output control was considered beneficial for a low-cost strategy, whereas a more decentralized structure and behavior control was considered better for a differentiation strategy (Govindarajan, 1988).

During the first decade of this millennium, enriched by behavioral and psychology theories, we see more attention for soft (or people-oriented) factors related to commitment and motivation (Neilson, Martin, & Powers, 2008), and for middle managers as important actors in strategy implementation (Floyd & Wooldridge, 1997). Most of us know that about ten years ago Nokia lost the battle against Apple in the smartphone business. Nokia dominated the market, and, contrary to what most people think, it did not lose because of a lack of strategic foresight. It lost mostly because middle management hindered the implementation of new strategy. Its senior leadership did see the disruption coming, and in the same year that Apple introduced the iPhone, Nokia launched the N95 with full music features, GPS navigation, a large screen, and full internet browsing capacity. Yet, the subsequent product introductions were a fiasco in terms of product quality and go-to-market. Lack of commitment driven by fear of failure to meet targets and to lose power, middle managers turned inward to protect resources, themselves, and their units. This effectively frustrated company attempts to implement new directions for growth (Vuori & Huy, 2015).

Yet, if we are concerned about implementing new strategic growth initiatives in an age of rapid change and fierce competition, we need to advance research on implementation. For instance, due to its focus on top and middle management, there is virtually no research about how operational-level managers and employees, i.e. those launching the new products and service, those dealing with changing customer demands, and those addressing new competition, enable or interfere with strategy implementation (Ahearne, Lam, & Kraus, 2014). Furthermore, due to the focus of current studies on single levels and units of analysis, there is a near absence of research that examines how different units and hierarchical levels work together and jointly influence strategy implementation to scale up fast and speed up their go-to-market (Candido & Santos, 2015).

3. Towards integration of strategic growth and implementation

Call for integration

I just laid out some key developments in the literatures on growth and implementation and dropped several hints about directions to advance each of these two literatures separately. Yet, in order to thrive in a changing landscape, organizations need to be really good at both. Companies with excellent capabilities to develop new opportunities for growth but with poor implementation risk falling into the so-called renewal trap where continuous failure to reap the benefits of newly developed initiatives leads to new search, a lack of direction, and increased chaos and inefficiencies. On the other hand, a strong dedication to implementation at the detriment of venturing into new areas of growth may lead to the so-called competence trap. The excessive focus on optimizing existing competencies and exploiting current positions hampers experimenting with new things and eventually leads to fixation, as the learning gap has become too large (Levinthal and March, 1993).

Yet, while it is difficult for companies to become proficient in developing new businesses for growth and in implementing strategy, the point is that it is even more challenging to become proficient at both. Management, faced with resource constraints, often sees new growth and implementation as conflicting investment alternatives where the returns of strengthening implementation are more certain and more proximate in time and place than those of developing initiatives for new growth. Furthermore, new growth and implementation are associated with fundamentally different learning processes, organizational contexts, leadership styles, and mindsets (March, 1991). This stresses their opposing nature, resulting in tensions or even conflicts in the organization.

I argue that management practice and research addressing new growth and implementation need to be integrated to address these challenges. Several literatures may be helpful in increasing our understanding of how to do so and may lay the foundations for a fruitful research agenda.

Strategic entrepreneurship

The first is the literature on strategic entrepreneurship. While the fields of strategic management and entrepreneurship have been developing rapidly over the last couple of decades, they have done so largely independently of each other. Strategic entrepreneurship calls for a closer integration of these two domains. Entrepreneurship is about creation. At its core are opportunity-seeking behaviors associated with the creation of new resources or resource constellations to develop new products and/or to move into new markets. On the other hand, at the core of strategic management are advantage-seeking behaviors, associated with how advantage is established and maintained from what is created (Hitt, Ireland, Camp, & Sexton, 2001). By combining these two types of behaviors, an entrepreneurial strategy and a strategy for entrepreneurship may be created. An entrepreneurial strategy is concerned with applying creativity and

entrepreneurial thinking to the development and implementation of strategy. Particularly established firms struggle with this. A strategy for entrepreneurship is about having clear guidance for the entrepreneurial activities taking place within the firm: how entrepreneurial does the firm want to be, how should the many entrepreneurial initiatives be coordinated, and particularly, how should they be implemented and scaled up? Most startups struggle with this (Kurato & Audretsch, 2009). According to this literature, the most senior management has a key role to play here. It must create a strategic intent for the firm that emphasizes the importance of both opportunity-seeking and advantage-seeking behaviors, and allocate resources accordingly. Management may create separate units for growth and for implementation and allow them to develop their own types of systems, processes, and competencies. To achieve integration, senior management must articulate and communicate a common vision and foster shared values that provide for a collective firm-level identity (Ireland, Hitt, & Sirmon, 2003).

Learning

In the literature on organizational learning, March (1991) explains how both exploratory and exploitative learning are crucial for an organization to adapt and survive. Exploratory learning, which is at the core of new strategic growth initiatives, is about increasing breadth and variety in experience gained through such activities as experimenting, playing, distant search, and risk taking. Exploitative learning, which is at the core of implementation, is about increasing depth and reliability in experience gained through processes of refinement, improvement, selection, and the reuse of existing routines. Whereas March considers the two types of learning fundamentally incompatible, subsequent studies emphasize that they can be achieved simultaneously in an organization, and even may reinforce each other (Cao, Gedajlovic, & Zhang, 2009). For instance, as identified by scholars on absorptive capacity (Zahra & George, 2002) proficiency in exploitative processes can promote the recognition and assimilation of external knowledge in adjacent domains and the subsequent development of new products and technologies. In a similar way, due to the exploratory development of new growth businesses, exploitation may take place in a larger pool of competencies so that efficient routines and processes for implementation can be shared and applied on a greater scale. For such cross-fertilization to take place, this literature argues that exploratory and exploitative learning should not be separated. Rather, it is the key task for unit-level management to create units and teams where both take place, notably by putting into place an organizational context which is characterized by a combination of hard and soft elements such as strong performance management combined with trust and social support (Gibson & Birkinshaw, 2004).

Strategy process

The literature on strategy processes (Hutzschenreuter & Kleindienst, 2006) distinguishes between induced and autonomous processes (Burgelman, 2002). Both types entail different social interactions, decision-making roles, and information requirements for managers. Induced processes, typically associated with implementation, build on existing knowledge and are meant to strengthen existing strategy. The emotional tone is one of focused commitment, and the dominant direction of influencing is top-down. For autonomous strategic processes, associated with new growth, the emotional tone is passionate entrepreneurship and the dominant influencing direction is upward.

It concerns initiatives outside the scope of the current strategy and it creates new competencies. In order to get both processes in place within an organization managers, at any level in the organization, should be able to perform a range of different roles, like being a good soldier and following the system versus putting question marks and proactively experimenting with new solutions. They should also be able to switch roles. Yet, if managers notice and interpret cues from the internal and external environment in a different way, which is often the case, then performing multiple roles and switching between them may easily lead to role conflicts between them. This often erodes interpersonal trust resulting in dishonesty, infidelity, or ducking (Floyd & Lane, 2000). Current research emphasizes that the quality of interactions, particularly between the TMT and middle managers, is central for understanding the effectiveness of having different strategy processes in place for both new growth and committed implementation.

4. First avenue: Ambidexterity as a managerial capability

For organizations to become really good at developing and implementing new strategies for growth, they need ambidextrous managers. These are people, to cite Mike Tushman, who 'look backward, attending to the products and processes of the past, while also gazing forward, preparing for the innovations that will define the future' (O'Reilly & Tushman, 2004). Ambi means something like both and the dexter is your right arm. Ambidextrous children, for example, can use both hands with equal dexterity when writing or playing computer games. This idea has been adapted in our field to refer to a manager's capacity to do two very different things equally well, like being entrepreneurial and strategic, conducting exploratory and exploitative learning, and putting in place processes for growth and implementation. Yet, most of the field on ambidexterity does not focus on managerial capability, but on the firm- and unit-levels of analyses and on organizational structures, systems, and processes. Therefore, I concur with one of the main conclusions of a recent review article by Julian Birkinshaw: If we are to make really progress on how both strategic growth and implementation can be improved in organizations, we need much more insight into the micro-foundations of organizational ambidexterity, i.e., the role of managerial capability in making ambidextrous organizations possible (Birkinshaw & Gupta, 2013).

About ten years ago, I was one of the first to start this line of research, with the oldest articles having about 500 citations each (Mom, Van Den Bosch, & Volberda, 2007; 2009). I collected data about the activities conducted by about 800 managers from various large firms in services and manufacturing and observed that about 11% of them were ambidextrous, i.e., rather than focusing, they engaged in high levels of both strategic growth and implementation activities. I am not sure whether this supported or challenged the dominant claim at that time that such activities are generally mutually exclusive within a single domain as the individual (Gupta, Smith, & Shalley, 2006).

Research on ambidexterity as a managerial capability addresses three types of related questions. Put simply: what are the antecedent factors, where in the organization do we need ambidextrous managers, and how does it lead to organizational ambidexterity?

Let me now discuss each of these questions. First, how do people become ambidextrous? Several studies argue that senior management can help people in organizations to become ambidextrous by managing their behavior, notably by developing an organizational context with some aspects fostering exploration and other aspects fostering exploitation. For instance, drawing on insights from strategic human resource management, Patel, Messersmith, and Lepak (2013) show that a set of HR practices that foster discipline and stretch build a human resource base capable of improving and strengthening the existing business. HR practices that foster trust and social support build adaptability in the workforce needed to identify and develop new opportunities. Rogan and Mors (2014) investigated the network of personal contacts

managers have and found that the denser a manager's network is, the more similar the information the members of the network hold. Yet, the more the network is characterized by heterogeneity of contacts, for instance by having connections to people of different units in the firm, the more likely the manager can tap into new information. Hence, a combination of density and heterogeneity is likely to foster managerial ambidexterity. In a similar vein, I investigated the effects of soft and hard coordination mechanisms like decentralization of decision-making and formalization of tasks (Mom et al., 2009), and others have investigated the effects of different leadership styles e.g., transformational and transactional (Keller & Weibler, 2014).

Complementary insights have emerged from the field of psychology arguing that people in organizations can become ambidextrous by self-regulation. The dominant line of thinking here is similar. Some traits, motivational systems, or cognitive processes are conducive to exploring new venues for growth, such as a promotion focus, openness to experience, and divergent thinking. Others are more conducive to strengthening existing practices and certainties, such as a prevention focus, conscientiousness, and focused attention (Good & Michel, 2013; Keller & Weibler, 2015; Tunçdoğan, Boon, Mom, Van Den Bosch, & Volberda, 2017).

Yet, to advance our understanding about why some managers are ambidextrous and others are not, we need to move beyond this kind of dichotomy thinking about which factors stimulate entrepreneurial behaviors and which stimulate execution types of behaviors. If not, it will be difficult to understand what happens at their interface, and hence, how people address the difficulties and tensions they experience when trying to combine such different activities in their daily work.

Research has just begun to delve into this subject and points to some cognitive and motivational factors that seem to matter. For instance, ambidextrous managers shift from an "either/ or" mindset to a "both/ and" mindset. They recognize and appreciate differences between the core business and new opportunities and come up with creative new solutions that stress their interrelatedness and strengthen both. This is referred to as paradoxical thinking (Smith, 2014). Our findings, recently published in the *Journal of Management* together with a colleague from the Taiwan University of Science and Technology (Mom, Chang, Cholakova, & Jansen, 2018), indicate that ambidextrous managers have high levels of role-breadth self-efficacy and intrinsic motivation. They proactively go beyond the confines of their own job, they enjoy complexity, and persist when things get difficult or when faced with negative feedback. Some practices which may help managers to do so include job enlargement, increased decision-making autonomy, and a system of rewards and compensation focused on personal development, quality types of outcomes, and collective achievements rather than a focus on control and sheer quantifiable results. In a new research project with colleagues from the University of Queensland, we are investigating the role of cultural diversity in the workplace and characteristics of individual managers. In a culturally diverse work context, tensions between different worlds of thought may become more salient. The way in which a manager approaches such salient tensions may depend on cognitive and emotional factors such as bisociative thinking and emotional intelligence. Fruitful research may investigate other individual socio-cognitive factors that help to

explain how managers actually engage in very different types of work, and to precisely define the role of the organizational context.

Second, where in the organization do we need ambidextrous managers? The literature gives two opinions about this. The first is that only the TMT must combine the different worlds of exploring new directions and improving existing certainties (Smith, Lewis, & Tushman, 2016). The other is that everyone in an organization must do so (Birkinshaw & Gupta 2013). Amazingly, this question has received hardly any explicit attention from research. As a first attempt, we investigated performance effects of managers' ambidextrous behavior. Results indicate that managers, who are proficient at developing new opportunities for growth and also at improving implementation show better performance if their work context requires them to deal with high levels of uncertainties and interdependencies (Mom, Fourné, & Jansen, 2015). Indeed, this typically applies to higher-level managers, but also to those in other places of the organization like managers at cross-functional interfaces or at intra-organizational corporate venture units. Apparently, they should behave more ambidextrously as well in order to improve performance. There is much to gain here, for instance by multi-level and longitudinal research that investigates performance related outcomes at the firm level of analysis and over time. Current research also seems to suggest that the types of tensions between the old and the new, and how they need to be addressed, differ across managerial levels (Papachroni, Heracleous, & Paroutis, 2016), across industries, and during the life cycle stages of the company, offering important avenues for new research.

Third, how can organizational ambidexterity be activated? Theorizing about how the ambidextrous behaviors of managers triggers the firm-level capacity to pursue new directions for strategic growth and efficient implementation simultaneously is very scarce. Multilevel research suggests that organizational context may play an important role in shaping the emergence of higher-level phenomena (Kozlowski & Chao, 2012). Inspired by this and by insights from the field of SHRM, colleagues and I investigated how opportunity-enhancing HR practices like participation in decision-making and organizational support for ideas facilitate interactions among various managers in such a way that their ambidextrous behaviors activate organizational level ambidexterity. Currently, with other colleagues from the Universities of Birmingham and of Geneva, we are guest editing a Special Issue in Long Range Planning about the micro-foundations of ambidexterity. We know, for instance, that competitive dynamics and uncertainty vary across industries, thus making it more or less difficult for individuals and organizations to attain ambidexterity. It might be useful to examine whether the importance of managers in the development of organizational ambidexterity differs across industries. For instance, the role of operational managers may be more decisive in knowledge-intensive service industries than in manufacturing. Moreover, external factors may shape the effectiveness of specific sets of the organizational context in fostering attitudes and behaviors of managers (Wu & Chaturvedi, 2009). Whereas our research focuses on operational manager ambidexterity, there is an emerging literature investigating how middle managers deal with tensions between exploration and exploitation (Burgess, Strauss, Currie, & Wood, 2015). Future research may address how interactions between ambidextrous managers at different levels may result in organizational ambidexterity and examine the facilitating role of organizational contextual factors.

5. Second avenue: Integration and interactions within the organization

A second important avenue for organizations to become better at both developing new strategies for growth and implementation is about creating close integration and systematic interactions between these two types of activities and among the actors involved.

This pertains, in the first place, to managers at different levels of the hierarchy. Most attention in research has been devoted to the most senior and middle managerial levels. We know that both top and middle managers can play various top-down and bottom-up roles in new growth and implementation processes (Floyd & Lane, 2000). Yet, to understand how these two processes can benefit from each other, we should not only examine the direction or extent of interactions between top and middle managers, but focus on the quality of their interactions (Raes, Heijltjes, Glunk, & Roe, 2011). Together with a colleague from Wilfrid Laurier University, we started a project to investigate the strategic interactions of over 140 middle managers with top management in 12 listed European companies. Results indicate that interactions characterized by integrative bargaining and cognitive flexibility result in the launch of more new strategic initiatives within units and in higher levels of efficiency and effectiveness regarding implementation. Integrative bargaining refers to the extent to which mutual influencing processes between top and middle managers are characterized by a search for common and complementary interests that benefit both parties (Fisher, Ury, & Patton, 2011). Cognitive flexibility refers to the extent to which their interactions are characterized by embracing diverse perspectives, changing opinions, and interpreting information in a wide variety of ways (Martin & Anderson, 1998). Bargaining and flexibility in their interactions help managers to acquire sufficient resources, link dispersed information, and navigate organizational politics needed to reconcile tensions between the different worlds of new growth and implementation. Many other factors, such as emotions and identities affect the quality of interactions across managerial levels (Huy, 2011), offering opportunities for future research.

Strikingly, the question of how to involve operational managers and employees in these strategic processes is under-researched (Heyden, Fourné, Koene, Werkman, & Ansari, 2017). We know that operational managers and employees can be very important for sparking initiatives for new growth and that their support is crucial for implementation, for instance, to avoid delays, deviations, or failure. Future research may benefit from combining theories on motivation and engagement with questions of organizational change. Self-determination theory may be an example (Gagné & Deci, 2005). It helps to explain how employees may accept change and show increased engagement when they experience that their basic human needs i.e., competence, autonomy, and relatedness are met. This points to the importance for senior management to create opportunities for employees to become really good at what they are doing and to make

a difference, to experience a sense of choice and psychological freedom when implementing strategy, and to feel emotionally connected to others.

Besides vertical interactions, horizontal interactions are important as well. Rich personal, often informal networks connecting people from different units offer opportunities for cross-fertilization across different product-market domains (Van Wijk, Jansen, & Lyles, 2008). This creates chances for managers to develop new ideas about venturing into areas adjacent to their core businesses. Such networks also facilitate the acquisition of lessons learned from other departments regarding the implementation of strategy. An interesting area of research is about the effects of different network characteristics. For instance, together with colleagues from the University of Amsterdam, KU Leuven, and Cranfield University, we conducted a study in three large Dutch R&D driven companies and investigated how friendship and trust in the relationships of engineers with people from sales and marketing relate to the levels of exploratory learning in R&D teams (Mom, Van Neerijnen, Reinmoeller, & Verwaal, 2015). They seem to act as a double-edged sword. Whereas friendship and trust among such colleagues initially led to increased exploration due to increased knowledge sharing, when levels of trust and friendship increased overtime, exploration decreased due to increasing levels of goal alignment. Another interesting area for investigation is the role of digital networks and social media platforms in organizations with respect to how informal horizontal networks in organizations work. These technologies offer opportunities to increase interactivity and inclusion of employees in organizational conversations, compelling executives to rethink their position in creating and controlling messaging (Groysberg & Slind, 2012).

Finally, while studies have developed holistic frameworks of strategy formulation and implementation, these models typically show a unidirectional chronological approach where implementation simply follows the formulation of new strategic initiatives (Li, Guohui, & Eppler, 2010). However, recent models in entrepreneurship and new business development like the lean startup model show the importance of repeated integrative cycles of opportunity development and implementation, in which learning and discovery are built into implementation to diffuse new insights for improvement and adaptation throughout the organization (Blank, 2013). A first question being asked when someone comes up with a new idea in companies like Google or 3M is not: *Can you write a business plan?* but *What will our company learn from it?* The creation of such a learning attitude and the eagerness to contribute to other teams and units in the organization deserves further research, as it seems to be important to establish closer integration and systematic interactions between opportunity-seeking and advantage-seeking activities.

6. Third avenue: Scale-ups as an exciting context for practice and research

Over the last decade or so, we have seen increasing interest for high growth firms (HGFs), also called gazelles or scale-ups. They offer an exciting context to advance contemporary research on strategic growth and implementation. At present, most research on scale-ups can be found in the fields of economics and public policy addressing macro- and meso-level questions with a big interest in job creation. Although only small in numbers, HGFs account for the vast majority of new job creation. The scale-ups where my colleagues and I conduct research, like Takeaway, Coolblue, Young Capital, and Securelink, create hundreds of new jobs, every month, year after year. Indeed, several European studies show that the top three to six percent of young firms, in terms of growth rate, generate up to 70 percent of all the new jobs created among existing firms (Anyadike-Danes, Bonner, & Hart, 2009; Henrekson & Johansson, 2010). Correspondingly, the proposal of the European Commission's research and innovation programme Horizon Europe, the successor of Europe 2020, now devotes more attention to HGFs. It addresses the creation of a stronger ecosystem for fast growth including the integration of business, research, education, and matters related to funding and networking.

Yet, understanding why only very few young firms grow fast whereas most of them do not is not only a question of macro-level and meso-level issues. Scaling-up a company rapidly is full of unique managerial and organizational challenges, which, surprisingly, have hardly been investigated in management and organization studies (Demir, Wennberg, & McKelvie, 2017). Consequently, we know very little about the specific actions, behaviors, and capabilities needed to surmount the challenges faced by leaders of high-growth firms. For instance, we know little about how founders and management teams of scale-ups deal with the constant pressure to change and adapt organizational structures, develop and implement new strategies, build and refine scalable business models, recruit and onboard talent, apply and leverage new (digital) technologies, and fund steep growth paths. As such, there is a clear need for novel insights about how scale-ups purposefully enact resources, practices, and processes to fuel rapid growth and to sustain it over time.

One interesting area of research is about the creation of scalable business models. Scalability refers to the ability to grow fast without being restrained by existing structures and resources. What are the key characteristics of scalable business models? How are such models created, and how do they differ from other business models? For instance, driven by digitization and other technological advances, we see platform businesses like Coolblue, eBay, and Takeaway growing fast. We know that self-reinforcing network effects, which increase value for both producers and consumers, are very important (Hagiu & Rothman, 2016) for such models to grow fast. But how do entrepreneurs get such effects going? How do they attract a critical mass of buyers or suppliers in the first place? Who do you allow onto your platform and what are they allowed to do there?

It also seems that metrics monitoring the optimization of internal processes or even customer value may not be the most suited for platform driven scalable business models (Van Alstyne, Parker, & Choudary, 2016). What appropriate metrics should be monitored: ecosystem value and platform interactions? How do ecosystem-, platform-, and network-driven growth differ from established theories on organizational growth?

Another area of attention for scale-ups is human capital (Baum & Bird, 2010). Evidently, in the present times of labor shortage, a key ongoing challenge for scale-ups is the recruitment of talent. Yet, probably an even larger challenge to implement their fast growth strategy is the onboarding of such talent. One of the most commonly heard concerns by senior leadership is about how to ensure quickly and effectively that the many new recruits share the core values and the DNA of the founders. Related to this is the question about the selection and development of managerial talent among new recruits needed to support the rapid growth. How should the managerial capabilities be selected and developed quickly, and how can entrepreneurial spirit be maintained in the growing workforce? How can those be helped in the company who apparently made promotion too quickly? Questions like these may point to opportunities for future research, for instance, about the moderation role of high-performance or high-involvement HRM practices in how human resources drive fast growth.

Another area of important research is the leadership capabilities needed for fast growth (Lee, 2014; Rasmussen, Ladegard & Korhonen, 2018). Apparently, such leadership needs to address some interesting tensions. For instance, if an organization grows fast in terms of revenues and employees, then the levels of complexity that need to be managed grow even faster. Think about matters of internationalization, dealing with investors, adding functional specializations and management structures. A challenge for leaders is how to bring back simplicity and discipline without stifling the growth mindset of the organization and its entrepreneurial orientation (Gulati & DeSantola, 2016). There are also tensions between the types of leadership capabilities needed for startups and those for scale-ups. How do leadership teams make that transition, and how do the roles of the CEO, members of the TMT, and other decision makers like investors change over time? Finally, as the fast-growing company matures, the tension between growing the core versus investing in new strategic directions becomes more apparent. Can scale-up leaders who focus on growing the core manage such a transition in time, and how do they do so?

Finally, research on scale-ups may benefit from going beyond the typical interest of researchers and policymakers in job creation and economic growth. Instead, we may pay attention to understanding how scale-ups may be a force for positive change. For instance, an alumnus of our school who completed our executive course on strategic management, is now heading the €100m ING investment fund targeting sustainable scale-ups: fast growing companies with a proven concept and a positive environmental impact. Both research and practice may benefit from a better understanding about appropriate Sustainable Development Goals indicators to track and compare the concrete impact of sustainable investments at the company level, how scale-ups develop and apply new technologies to make such an impact, and how –by doing so– they may deliver an important contribution to transforming industries and society to a more sustainable future.

Together with Justin Jansen and colleagues from Clemson University and Carlson School of Management, I will be guest editing a special issue on Scaling-up in the Journal of Management Studies. I am looking forward to studies addressing some of the questions mentioned above and others as well. In addition, within a few months, together with the Erasmus Centre for Entrepreneurship and Euronext Paris and Amsterdam, we will be hosting a two-day conference for about 100 European scale-ups and their business partners, some of them potentially preparing for an IPO. It is an exciting research context indeed.

7. Conclusion

To thrive in a competitive and fast changing landscape, managers must continuously develop new directions for strategic growth to create value, and they must be proficient in implementing their new initiatives to capture value. Yet, excelling in both strategic growth and implementation is very challenging for organizations. I pointed to three avenues for practice and research, which may shed further light on this challenge in important ways: understanding ambidexterity as a managerial capability, integration and interactions in the organization, and the world of scale-ups as an exciting context to understand new practices of growth and implementation.

8. Words of thanks

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