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The strategy formulation practices of a newly appointed top management team

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Master's thesis

May 2017

School of Business

Degree Programme in International Business Management

Jyväskylän ammattikorkeakoulu

JAMK University of Applied Sciences

Author Lambaerts, Peter	Type of publication Master's thesis	Date May 2017 Language of publication: English
	Number of pages 116	Permission for web publication: x
	Title of publication The strategy formulation practices of a newly appointed top management team	
Degree programme International Business Management		
Supervisor(s) Akpinar, Murat		
Assigned by JAMK Centre for Competitiveness		
Abstract <p>Strategic management is one of the core responsibilities of Top Management Teams (TMT). Unlike established TMTs, newly appointed TMTs may lack the expertise and the routines for effective strategy development. Little is known about how such teams engage in strategy making, and how well they succeed in formulating effective strategies. While this is a common situation, for instance, when high-growth SMEs start adopting more formal strategic management processes, it has received only limited attention in strategy research.</p> <p>Based on the strategy-as-practice framework, this study intended to gain insight into the practices that newly appointed TMTs employ to formulate a new strategy and into the effect of these practices on the formulated strategy. A group of nine managers, who were promoted from operative roles to form a new TMT, was followed for a seven-month period. Qualitative data were collected through participant observation and face-to-face interviews. Document analysis was used for the analysis of the formulated strategy.</p> <p>The results of the study suggested that cohesion development in a newly appointed TMT may hinder strategic exploration and ideation practices. Newly appointed TMT members also appeared to limit broader organizational participation in the strategy process. Moreover, being promoted from operative roles to strategic roles, TMT members tended to focus on internal matters. As a result, the strategy formulated by the newly appointed TMT failed to address the firm's competitive position, but, instead, emphasized internal change. It was proposed that newly appointed TMTs should establish group cohesion and develop proper collaboration practices before engaging in strategic projects.</p> <p>The findings of the study contribute to the knowledge on the effects of TMT tenure and group cohesion on strategy formulation. Further research could validate the findings in strategy implementation processes and study the impact of organizational collaboration on strategy formulation.</p>		
Keywords/tags Strategy, Strategy Formulation, Strategy as Practice, Top Management Team, Tenure		
Miscellaneous		

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1 Introduction

1.1 Background

1.1.1 The importance of strategy in the global business environment

“Ongoing political, economic, social, environmental and technological developments are challenging many of our underlying assumptions. Across every sector of society, decision-makers are struggling to cope with heightened complexity and uncertainty resulting from the world’s highly interconnected nature and the increasing speed of change.”

Klaus Schwab, Founder and Chairman of the World Economic Forum, 2015

Strategy is about making choices that ensure survival of the firm in the face of competition. Strategic management is the primary concern of the firm’s senior management, whose role is to define the set of integrated strategic choices that makes a strategy, and which will influence success or failure of the firm.

(Rumelt, Schendel & Teece 1999, 9.) Enterprise strategies consists of a single corporate and one or more business strategy dimensions. In short, corporate strategy tells where a firm competes in terms of industries and markets, while business strategy tells how the firm competes within a specific industry or market (Grant 2013, 19). Knowing that a firm seeks to respond to changes in the environment by means of an adequate strategy, it is good to reflect on how that environment looks like, from the perspective of an industrial firm.

During the recent decade, enterprises operating in the international environment have been confronted with a new kind of global trade. While international trade in the 20th century was a matter of goods crossing borders, trade in the 21st century is characterized by a more complex and interconnected set of cross-border flows of goods, services, technologies, investments and physical and human capital (World Trade Organization 2013, 39). While facing a future of rising complexity, many enterprises are still trying to recover from the past, namely the turbulence that started with the 2008 global financial crisis and that regardless of sporadic recoveries has caused a lasting contraction of global trade (World Bank 2015, 3). Positive economic forecasts that were made in 2014 had to be revised soon because of rising geopolitical tensions, an unforeseen drop in commodity prices, a series of natural disasters, the continued presence of global monetary and financial

risks and social instability in many regions. All this lead to the question whether the traditional forecast models are still valid in the current global environment. (World Trade Organization 2015; Organisation for Economic Co-operation and Development 2015a, 35-43.)

A persistent feeling of uncertainty and a structural break in the globalisation trend seem to have appeared in the shadow of the global trade slowdown described above. Uncertainty with firms and consumers has led to delayed investment decisions and might have the strongest impact on global trade; a break in globalisation trends might be more difficult to prove, although indications in this direction exist, given the rising number of non-tariff trade barriers and protectionist policies. Disruptions in the global supply chains have also exposed some of their vulnerabilities and of global trade itself. (Armelius, Belfrage & Stenbacka 2014; Organisation for Economic Co-operation and Development 2015a, 212, 242).

In a period when business capital investments could have been possible due to the low financing costs caused by post-crisis supportive monetary policies, many firms in developed countries have not been able to realize capital investments, since constraints in credit supply have increased the real user cost of capital. Hence, global capital investments that had first shifted from the developed to emerging market economies have since 2014 been halting in several emerging economies as well. (Organisation for Economic Co-operation and Development 2015a, 214-238.)

Technical breakthroughs, non-technical innovation and service sector innovation have been suggested as drivers for economic growth (European Commission, 2014; Organisation for Economic Co-operation and Development 2015b). However, since 2013, both global public and private R&D expenditure has been stagnant or is even decreasing. What is more significant is that the reduction in total R&D expenditure is the highest in developed countries, which could further diminish hopes for a global economic growth. (Cornell University, INSEAD and WIPO 2014; European Commission 2014.)

In the case of technology firms, the emergence of the Internet-of-Things (IoT), referring to global networks of smart connected products, and its industrial counterpart, the Industrial Internet, are expected to radically change the

traditional forces of competition. This is a change that might push many industrial companies to adopt new business models and revise their value chains. (Porter & Heppelmann 2014; 2015.) Nevertheless, many enterprises are hesitating to fully embrace these new opportunities, often because of – again – uncertainty. Many of these new opportunities require additional R&D expenditure while such policy is being avoided for reasons explained earlier. Secondly, many of the new technologies or business models are challenging conventional and conservative legislative boundaries, presenting risks for first mover companies. Governments have only recently started to create national and transnational policies for the commercial exploitation of these new technologies and business models. In several cases, however, local governments are still responding with protectionist policies, as they consider these new forms of competition as threats to the existing businesses. (Organisation for Economic Co-operation and Development 2015b, European Commission 2015.)

Given this multitude of changes in the current business environment, the next question is what more enterprises can expect in the future. Rekettye & Rekettye (2013) identify six major global trends that present a high possibility of effecting business performance during the near future, as shown in Figure 1. The nature of these global trends is such that they will continue to alter business environments in the next decennia. Moreover, these trends are not separate phenomena but are closely interlinked, making it even more challenging for enterprises to find and formulate adequate business models that can deal with their combined effect. (ibid., 108.)

All these changes have also an impact on one of the main stakeholders of the industrial enterprise, namely the customer—often an industrial firm itself—who has been confronted with and affected by similar changes in the environment. To offset the persistent uncertainty in the environment, customers start searching for products and solutions that can offer them tangible elements of certainty such as reliability, value for money, durability, safety and close support. This again, opens opportunities for enterprises that can efficiently respond to these changing customer needs. (Simon 2009.)



Figure 1. Six global trends with a high likelihood of influencing business performance (Rekettye & Rekettye 2013, 97)

As firms' environment—and with it the nature of competition—changes, firms need to initiate strategic change in order to re-align their strategy with changing conditions (Huff, Huff & Thomas 1992). Through strategic change a firm aims to redefine the ways in which it competes (Covin & Miles 1999) and thus to secure its long-term growth or development. The critical task for the firm's executive management is to match organizational competences with the opportunities and risk created by environmental changes, in an effective and efficient way. Turbulence in the global business environment has occurred in the past, arguably on different scales, and plenty of examples can be found of companies that managed to use changing environments to their advantage through the deployment of the right strategic practices by its managers (Vecchiato 2105). As a matter of fact, the role of managers as the drivers of enterprises and, consequently, macro-economic growth through the decisions they make is often overlooked by economic theory, although its importance in explaining the difference between successful and unsuccessful enterprises and economies is beyond doubt (Augier & Teece 2009).

1.1.2 Management in need for research that supports the everyday practice of strategy making

Given the plenitude of changes in the global business environment, there is an obvious need for firms to adapt their strategies to cope with these changes.

The primary question that is left open for many executives is, however, how to develop an adequate strategy in practice. One possible option is to involve external strategy consultants. Although the growth of the global multibillion dollar consultancy industry indicates that plenty of firms consider this option (The Economist 2013), literature does not give clear indications that hiring strategy consultants would positively contribute to a firm's strategy development. Ginsberg (1989) suggests that strategy consultants act mainly as change agents, and that they are more likely to focus on facilitating better strategic response to the firm's environment, but that any causal relationship between the consultants' influence and the firms' organizational performance remains to be proven. Another aspect to consider is how executives perceive the involvement of consultants during strategy development processes. Harste and Richter (2008) find that managers may appreciate the support of consultants in strategy projects to various degrees, but suggest that, ultimately, managers prefer to assume the leading role in strategic initiatives and want to take ownership of the strategy development. In this regard, Bowman (1995, 5) uses the term "*consultants' strategy*" (emphasis added) to refer to a strategy that may be of high quality content, but that is not "owned" by the executive team members, who consequently might feel less committed to accepting and implementing it.

The second, obviously preferred, option for strategy development is thus making it the exclusive task of the top management team, without external (consultancy) support. The question that then remains is how a top management team can develop a strategy in practice.

Strategy scholars have suggested a wide variety of frameworks for strategy development. Nevertheless, much of the strategy research focuses by nature on isolated aspects of strategic development in a particular context, for instance on approaches for achieving competitive strategies (e.g. Porter 1979, Barney 1986, Prahalad & Hamel 1990) or on the nature of strategy development processes (e.g. Chandler 1970; Cyert & March 1992; Ansoff 1987; Pettigrew 1978; Mintzberg 1979, 1985; Burgelman 1983, 1988). Similarly, only a limited array of strategy process perspectives receives attention in strategy textbooks, and either focus on rational decision making processes used as benchmark for management or, alternatively, provide a descriptive

understanding of the process (Sminia 2009, 98). Some scholars have asked whether all these established strategy frameworks can still be applied in today's highly volatile environment. Moreover, they argue that practising strategists require up-to-date and contemporary strategic management practices, since practices that were developed in a more stable world might have lost some of their validity (Grant 2007; Polowczyk 2012).

Even highly-educated managers and executives might be reluctant to accept academic research findings as relevant and useful in everyday, practical, settings (Bolton & Stolcis 2003). Management theory is often built upon a framework of scientific rationality, which, despite its validity, might fail to provide insights that have relevant practical value for practitioners. An alternative for avoiding this disconnection between theory and practice is conducting research that builds on frameworks of practical rationality. This means frameworks in which researchers theorize through close engagement with practitioners and study of the practices they employ, as well as the drivers for using these practices and the outcomes to which practices lead. (Sandberg & Tsoukas 2011.)

One can reasonably assume that for an executive manager, strategy development is a matter of “doing”, a matter of performing a certain set of activities within an organizational context to formulate the most adequate strategy for that same organization. This perspective is strongly supported by the “strategy-as-practice” framework, a stream of research that gained importance in the last decennium and that focuses on the praxis of strategizing through leaders and their organizations. (Jarzabkowski 2003; Rasche & Chia 2008; Vaara & Whittington 2012.) The fact that strategy-as-practice aims to study strategy “together with strategists, for strategists” makes it a very valuable framework for studying the challenges of the strategizing executives. It also provides them with more useful insight, more effective methods and more efficient tools to formulate the most suitable strategy for their firm.

While established top management teams may have developed a common way of strategizing during years of practice and collaboration, the challenges of conducting successful strategy development are much higher for newly appointed top management teams. This is a condition that is often encountered by high-growth SMEs, which may need to adopt more active

strategies and set up more formal organizational structures in order to sustain their growth (Smallbone, Leig & North 1995, 59-60). Nevertheless, research indicates that SMEs often fail in the formulation of adequate long-term strategies, because they tend to lack a proper approach for strategy development and because of the inability to systematically benchmark their competitiveness versus industry competitors (Singh, Garg, & Deshmukh 2008, 539). Moreover, SMEs appear to have a limited understanding of the markets they operate, which can be reflected in the formulation of unrealistic business strategies (Frizelle 2001, 133).

One can imagine that for newly appointed top management teams the practice of strategy development can be challenging since team members have not yet developed specific routines, often have very diverse experience levels in terms of strategic management capabilities, and may have divergent opinions about the optimal direction of the firm. Understanding the dynamics of strategy development by newly appointed to management teams and of the effect of their strategizing practices on the strategy they formulate has, however, received few attention in extant strategy research.

1.2 Motivation of the research

The goal of this study is twofold. The first goal is to deepen the understanding about how members of a newly appointed top management team develop a new strategy for their firm, about the practices they employ to form a strategy in a real-life setting, and how these practices affect the quality of the resulting strategy. The findings of this study can contribute to the strategy-as-practice research, a field that is still in need of more empirical studies (Jarzabkowski & Spree 2009; Healey, Hodgkinson, Whittington & Johnson 2015; Jarzabkowski & Kaplan 2015).

Furthermore, strategy research should strive to support the strategy profession by providing practicing strategists with new, up-to-date knowledge about how to develop strategy in different contexts (Whittington, Cailluet & Yakis-Douglas 2011). The context of this study is strategy development by a newly appointed top management team. Although research has studied the relationship between top management team tenure and strategic change (e.g. Wiersema & Bantel 1992), there is still limited understanding of the mechanisms that drive this relationship.

The second goal of this thesis is to provide strategizing executives with practical guidance for future strategy development initiatives, especially in cases where the top management team tenure is short. As mentioned earlier, this is a common case in high-growth SMEs, which are often forced to engage in more formal strategy management processes to plan their future. The process of strategy development depends a lot on cognitive processes such as obtaining knowledge, reasoning, creating mental models, sense-making and socio-cultural processes such as communicating, co-operating, conflict-solving and accommodation. Eden (1992, 799) describes the strategic planning process as a “collusion (sic!) of the dispassionate and 'objective' activities of strategic analysis combined with those aspects of social science which reflect the passion of interaction in organizations”. This complex interplay makes strategic management research both fascinating and challenging. Although strategic management research scholars, for proper reasons, study many of the aspects of this interplay in isolation within the boundaries of various academic disciplines, a holistic, practice-based, approach that aims to study the various aspects of the strategy process continuum as they occur in a real-life setting can reveal valuable new insights about the genesis of corporate and business strategies for practicing managers.

The personal reason why I embarked on this research journey was, no doubt, inspired by my interest in the field of strategy. During my career, I have worked for some of the world’s largest companies as well as for SME’s. Along the road, I became much fascinated by the question of how companies create the vision of their future and how they realize that vision. Understanding the making of strategy was central to answering these questions. When I decided to start studying business management, it was obvious that strategic management research would receive a lot of my attention. Soon after, I had the unique opportunity to be closely involved in a strategic renewal process, which gave me the chance to study how theory and praxis of strategic management come together in a real-life setting.

1.3 Research questions

As noted earlier, a strategy is commonly considered as an important management tool for enabling the enterprise’s future survival and success. The question is how a new or renewed strategy comes into existence. Developing a

strategy is the result of certain “practices”: a specific group of people, “strategists”, performing specific activities in a specific way. Certain practices in the formulation process might have a positive effect on the content—i.e. the various matters that the strategy addresses, and the way in which these matters are addressed—of the formulated strategy, while others might have a negative effect. In other words, there is a plausible relationship between the characteristics of the strategy formulation process and the characteristic features of the formulated strategy, what I call the “traits” of the strategy content. These traits determine the value of the strategy as a management tool for the company for which it is formulated.

Well-established top management teams have usually developed expertise in and routines for strategy development. The situation is, however, very different for a newly appointed top management teams that is formed through the promotion of middle managers into senior management roles. Little is known about how such teams engage in strategy making, and how well they succeed in formulating effective strategies. Establishing a possible relationship between the strategy formulation practices of such newly appointed top management teams and the traits of the strategy they formulate is the main subject of this research.

Although there is an undeniable relationship between strategy formulation and implementation, I have deliberately chosen to focus this study on strategy formulation. The reasons for this choice are twofold. Firstly, given the extensive nature of strategy process research, narrowing the study to the strategy formulation process will give it more depth. Secondly, as the formulation and implementation of a strategy may span a period of several months to even years, separating the study of both topics makes it possible to timely publish the research findings related to the formulation stage, which will be to the advantage of both the strategists—who can use the results to initiate specific follow-up activities—as the study of the strategy implementation, which can take better into account the findings of the strategy formulation process.

The main research questions and the two sub-questions are defined as follows:

What is the relationship between the practices that a newly appointed top management team employs during strategy formulation and the traits of the formulated strategy?

- RQ1a: Which practices can be distinguished during the strategy formulation process conducted by a newly appointed top management team?
- RQ1b: What are the traits of the strategy content that is formulated by a newly appointed top management team?

1.4 Structure of the thesis

The thesis starts with an introduction to the research topic and the definition of the research questions, which can be found in Chapter 1, followed by the literature review in Chapter 2. The literature review aims to give a comprehensive overview of the extant strategic management research that is deemed essential to support this study. The research methodology is explained in Chapter 3, and provides details about the design of the research and the data collection and analysis methods. The findings of the study are presented in Chapter 4. Chapter 5 provides the discussion of the results, the practical and theoretical contributions, the limitations of the study and the suggestions for further research.

2 Literature review

2.1 Key concepts

2.1.1 Strategy

A firm's strategy usually consists of a single corporate strategy and one or more business strategies. Corporate strategy is commonly considered as the management tool for matching a firm's activities with the firm environment in order to sustain the firm's performance (Hofer & Schendel 1978, 27; Bowman & Helfat 2001). Corporate strategy is the firm's comprehensive outline on its purpose and its objectives and on how it will achieve their realization over time. It defines the range of businesses the firm will pursue, its economic and non-economic objectives and how it intends to interact with its various internal and external stakeholders. Whereas corporate strategy applies to the

whole firm, business strategies refers to the competitive strategies of the firm's constituent businesses, and describes their offerings and the way they will compete in specific market environments. (Andrews 1987, 13.)

2.1.2 Strategy renewal

In their research on corporate entrepreneurship, Covin and Miles (1999) use the term strategic renewal to refer to the “phenomenon whereby the organization seeks to redefine its relationships with its markets or industry competitors by fundamentally altering how it competes”, thus emphasizing that the primary focus of strategy renewal is on the interaction between the organization and its external environment. (52.) Agarwal and Helfat (2009, 282) refer to strategic renewal as a process that presents opportunities and challenges. They define strategic renewal as a process that changes attributes of an organization with the potential of affecting its long-term prospects and distinguish between two types of strategic renewal, namely discontinuous transformation and continuous incremental transformation. Strategic transformation can be required to react to major changes in the firm environment and when traditional means for achieving growth are no longer valid. Incremental strategic renewal is a more pro-active response to changes in the environment as they occur, and may even allow the firm to influence its environment to its advantage. (ibid., 283-284.)

Strategy scholars have identified a wide variety of both firm internal as external antecedents that may trigger strategic renewal activities. Changes in the firm external environment are a common trigger for initiating strategic change (Chandler 1970). In this respect, strategic change is the mechanism through which management tries to decrease uncertainty about the environment (Miles, Snow, Meyer & Coleman 1978, 547; Wernerfelt & Karnaki 1987, 187; Mintzberg 1993, 32-33; Porter 1994, 443-444). Whereas in times of stability strategy can be adapted slowly and incrementally, often without explicit reformulation, strong disruptions in the environment can be a trigger for explicit strategic (re-)formulation, for instance in response to imminent market saturation, technological breakthroughs or rapidly increasing competition (Chandler 1970, 25) or to changing customer behaviour (Reynolds 2006, 445). Internal antecedents for strategic change that have been identified are, for example, declining performance (Barker & Duhaime 1997, 30-32),

managerial dissatisfaction with the current strategy (Huff, Huff & Thomas 1992, 55), an adequate management culture (Lorsch 1986, 95) and certain governance characteristics (Brunninge, Nordqvist & Wiklund 2007, 296; Napoli 2012, 232; Napoli 2014, 10983).

In practice, however, strategic renewal initiatives are initiated by actors within the organization. The individuals that contribute to strategy development are not exclusively strategizing executives, but basically any individual in the organization who has access to strategically divergent information and who is responsive to new divergent ideas can initiate strategic change (Woolridge & Floyd, 1999). As such, middle management members (Floyd & Woolridge 1997; Woolridge, Schmid & Floyd 2008; Raes, Heijltjes, Glunk & Roe 2011), board members (Judge & Zeithaml 1992; Rindova 1999; Nadler 2004; Fiegener 2005) and even actors external to the firm such as advisors and consultants (Whittington 2006, 624-626) can all play a role in driving strategic change.

Not all strategy scholars consider strategic renewal as a distinct event in time. Mintzberg (1978) finds that both the firm's internal and external context continuously drive strategic change and that strategy is the result of a permanent balancing act between three forces determined by: (1) a continuously changing environment in which high levels of instability are not uncommon (2) an 'organizational operating system or bureaucracy' that strives for stability, regardless what happens in the environment and (3) leadership who's role is to balance the forces, by ensuring internal stability while adapting to external change. (941-943.) Similarly, Chakravarthy & White (2002) suggest that a firm's performance, its context and its strategy are interrelated and in constant dynamic interaction, instead of being part of one-directional cause-effect relationships.

2.1.3 Strategy formulation

Strategy formulation and implementation are often considered as two separate sub-processes of the strategy renewal process, although this viewpoint is not equivocally supported in strategic management research.

Ansoff (1987) proposes a formal strategy renewal process that has a distinct formulation and implementation stage. The strategy formulation stage starts

with analysis, the outcome of which provides input for specifying the strategic areas in which the firm will operate and how it will operate in order to be competitive. (100-107.) Andrews (1987) takes a more in-depth approach to the strategy process than Ansoff, and argues that the process of strategy formulation is built on the ability to consider and reconcile four major elements, “(1) appraisal of present and foreseeable opportunity and risk in the company environment, (2) assessment of the firms unique combination of present and potential corporate resources or competences, (3) determination of noneconomic personal and organizational preferences to be satisfied and (4) identification and acceptance of the social responsibilities of the firm”. (77-79.) Hofer & Schendel (1978, 5) emphasize as well the importance of a formalized strategy formulation process, which “should be managed and not left to chance”, although they propose a more complex process, not so much for the sake of complexity itself, - which they admit is not required in all circumstances – but because simple processes might not be sufficient in all situations.

Mintzberg (1978), however, questions the intrinsically deliberate nature of the strategy processes. Consequently, Mintzberg (1985; 1990) dismisses formal strategy formation models that consist of a separate formulation and implementation stage as oversimplifications. Similarly, Huff, Huff and Thomas (1992) consider renewal efforts as an evolutionary process and emphasize its continuous character as opposed to explicit activities that are isolated in time. Albert, Kreuzer and Lechner (2015, 210) align with Mintzberg (1978; 1985; 1990) on the continuous process aspect of strategic renewal and refer to it as “the incremental process through which an organization continuously adapts to the environment and explores opportunities to invoke change in its activity choices and outputs”, thereby also indicating the need for changes in the company internal environment.

2.2 Researching strategy processes

Pettigrew (1987) states that “the starting point for [the] analysis of strategic change is the notion that formulating the content of any new strategy inevitably entails managing its context and process” (657). As shown in Figure 2, Pettigrew considers strategy content, context and process as three interconnected analytical categories (ibid., 658).

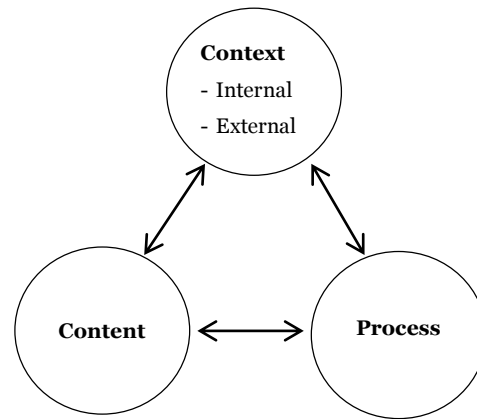


Figure 2. Interconnected analytical categories in strategic change (adapted from Pettigrew 1987, 657)

Process research looks into the “how” of strategic change (Pettigrew 1987, 658). It studies the strategists—i.e. the behaviour of the actors in the strategy process—the issues they intend to solve and the sequence of actions in which they do so (Hutzschenreuter & Kleindienst 2006, 703). The process of change refers to the “actions, reaction and interactions of all interested parties as they seek to move the firm from its present to its future state” (Pettigrew 1987, 657-658). Strategy content refers to “what” of strategic change, i.e. the specific areas that are being transformed in the change process (Pettigrew 1987, 658) and focuses for the most part on the outcome of the strategy process, that is, on the strategic decisions itself, and how well these decisions allow to achieve competitive advantage (Rasche 2008, 59). Strategy context is about the “why” of strategy (Pettigrew 1987, 658) and examines the array of circumstances that drive the various strategic decisions that are made in terms of strategy process and content.

Pettigrew’s context-content-process categorisation is endorsed by several other scholars (e.g. Chakravarthy & Doz 1992; Ketchen, Thomas & McDaniel 1996) who as well emphasize the interrelation between the process-content-context aspects as the key driver of the firm’s strategic change and consequently the firm’s performance.

Pettigrew (1992, 7) argues that despite the distinction between strategic process and content research, the analysis of strategic change should simultaneously explore “the links between context, content and process of change together with their interconnections through time”. Furthermore, in studies where the scope of the research is on processual analysis, the inclusion

of a temporal dimension is a prerequisite to capture the dynamics of a process (Pettigrew 1997; Pettigrew, Woodman & Cameron 2001). Elaborating on Pettigrew, Hutzschenreuter & Kleindienst (2006) propose a comprehensive framework for strategy process research literature review that integrates the temporal dimension of the various components of the strategy process and their relationships. As shown in Figure 3, Hutzschenreuter & Kleindienst (2006) divide the strategy process research into three major categories: “antecedents”, “process” and “outcomes”.

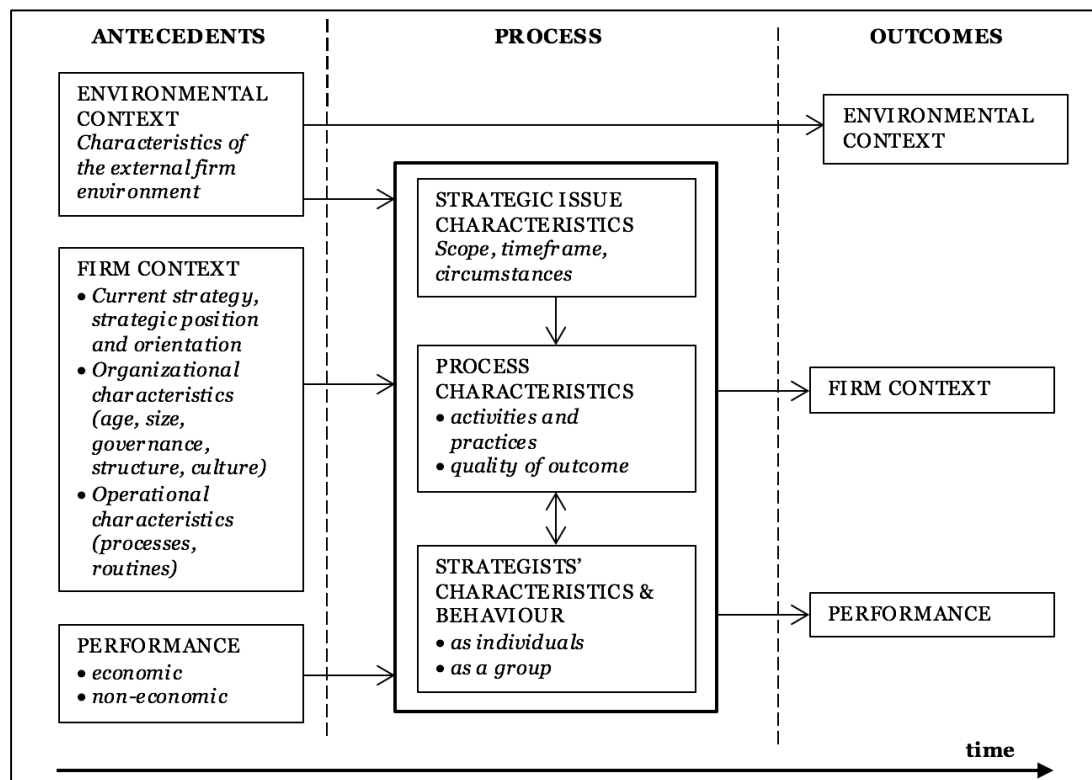


Figure 3. Components of the strategy process over time and their relations as subjects of strategy research (adapted from Hutzschenreuter & Kleindienst 2006, 678)

Research related to the “antecedents” category focuses on the triggers for the strategy process, which can be located in the firm’s external environmental context, its internal context or in the context of its performance, both from an economic and non-economic perspective

“Process”-related research looks at how the strategy process is conducted, determined by the actors of the process (the strategists) and the nature of the strategic issue(s) they intend to solve

Research about “outcomes” studies how the firm’s external and internal context and its performance have been impacted through the strategy process. Furthermore, given the importance of the relationships between antecedents, process and outcomes, Hutzschenreuter & Kleindienst group the research about the relationships between the three categories into four classes (or “streams”) as depicted in Figure 4: (1) influence of antecedents on process, (2) influence of the process on the process itself, (3) influence of the process on outcomes, and (4) influence of the antecedents on outcomes. (676-678.)

The literature review in this study will follow the framework proposed by Hutzschenreuter & Kleindienst (2006), since it provides a logical and comprehensive structure for obtaining insight in strategy research and supports understanding the role of process research within the strategy research field. As the focus of this study is on the process and its outcome, the following literature review will focus on the two relationships that directly relate to the research question:

- literature about the sub-processes within the strategy renewal process is reviewed in 2.2.1,
- literature about the effect of strategy on organizational outcomes is reviewed in the chapter 2.2.2.

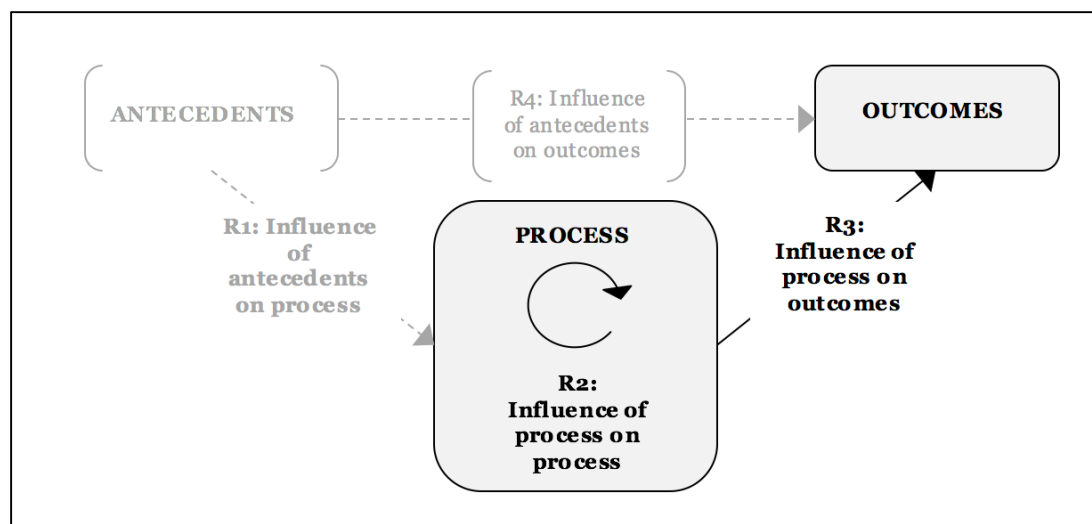


Figure 4. Four major relationships R1...R4 that are studied in strategy research; Relations R2 and R3 are the subject of this research (adapted from Hutzschenreuter & Kleindienst 2006, 678)

2.2.1 Influence of the process on the process itself

Although one may be inclined to think about the strategy formulation process as a positivist, rational, linear cause-effect process, according Cofrancesco (2016, 242-243) strategy formulation is above all a complex social activity. Extant literature has indeed shown that a broad area of social and behavioural factors come into play during the strategy-making process, such as decision making (Cyert & March 1992; Helfat et al. 2007; Hodgkinson & Starbuck 2012, 5-15), cognition and cognitive bias (Hambrick and Mason 1984; Porac & Thomas 2002; Das & Bing-Sheng 1999; Hodgkinson & Clarke 2007), intuition (Khatri & Ng 2000; Miller & Ireland 2005), emotions (Hess & Bacigalupo 2011; Voronov & Weber 2016), power and politics (Lewis 2002) and sensemaking (Weick, Sutcliffe & Obstfeld 2005).

Insight in the process of strategic decision making, which often happens against a background of uncertainty and ambiguity, is essential in understanding the way how strategies are being created. Helfat et al. (2007) emphasize that economic theory tends to “underplay[s] the role of the [strategic] manager[s]” while in fact they play a primordial role in overcoming flaws in the economic system through their strategic actions and decisions. Six classes of strategic-entrepreneurial decisions can be identified to ensure fit between the company and its environment: “(1) orchestrating co-specialized assets, (2) selecting organizational/governance modes and associated incentive systems, (3) designing business models, (4) nurturing change and innovation processes and routines, (5) making investment choices and (6) providing leadership, vision and motivation to employees”. A seventh class of decisions, “designing and implementing controls and basic operations”, are according Helfat et al. operational in nature and, although important, should not be the main focus of strategic management and strategic decision making. (20-22.)

Knowing which strategic decisions are to be made is logically followed by the question which mechanisms drive these decisions. Some scholars (e.g., Ansoff 1987; Andrews 1987; Hofer & Schendel 1978) have proposed rational, rule-based, processes for guiding the decision-making process during strategy development. Rational decision-making processes, however, are inherently based on the assumption that decision makers have access to complete and

accurate information, that they are able of correctly processing all information, that they can assess the most probable consequences of alternative actions and that they use consistent decision making schemes—assumptions that are rarely valid in practice (Hodkinson & Sparrow 2002, 8-11; Hodgkinson & Starbuck 2012, 6).

Cyert and March (1992, 30) state that organizations have no objectives – only individuals have – and that any objective is a negotiated consensus between participants. Furthermore, as noted earlier, participants in a supposedly rational decision making process commonly face limitations in the information on which they can base their decisions, a phenomenon Cyert and March coin by the term “bounded rationality”. As a result, participants in decision making process tend to simplify the decision process and may not try to find the best possible solution but instead prefer to fall back on familiar solutions. (ibid. 214- 215.) Das & Bing-Sheng (1999) suggest that the nature of the strategic decision making process mode is a determinant of the prevalent type(s) of cognitive bias in the process, and that bias can occur even though participants in the process strive towards rationality. Individual managerial background can be a determinant of the strategic choices taken. Each manager individually processes environmental and organizational inputs through different cognitive bases and value perceptions and his/her actual consideration and selection of strategic options is determined by specific mechanisms of perception and interpretation (Hambrick and Mason 1984). Therefore, a manager’s cognitive capacity to construct mental models may be better predictor for the direction of strategic change than common managerial characteristics (e.g. age, experience) and timely strategic change can only be achieved when managers possess the cognitive capacities for spotting environmental change, interpreting the observed stimuli and translating them into actions to be taken (Barr et al., 1992).

The fact whether strategic decision making is improved by consensus or conflict between the top management team members has been subject of discussion in strategic management research. Top management team size tends to increase cognitive and affective conflict. While cognitive conflict between team members is positively related to higher quality strategic decision making, affective conflict can compromise the consensus that is required for

decision implementation. Affective conflict between top team members should be mitigated through openness and shared awareness about mutual interests. (Amason & Sapienza 1997, 511). Related to consensus is group cohesion, which is defined by Carron (1982) as a “group members’ inclinations to forge social bonds, resulting in members sticking together and remaining united”. Although the relationship between group cohesion and performance has received wide attention in research, the nature of this relationship is found to be complex and ambiguous. (Casey-Campbell & Martens 2008, 224-227.). Tuckman’s (Tuckman 1965; Tuckman & Jensen 1977) conceptual model of the formation sequences of small groups identifies the development of group cohesion as one of the evolutionary stages of any new group.

Strategic decision making can be also influenced by intuition, which is not a synonym for guessing nor opposite to rationality but instead is a sophisticated, unbiased, partly unconscious form of reasoning that draws on specific degrees of experience. Empirical data suggest that the use of intuition in strategic decision making is more suitable in highly unstable contexts than in stable environments. (Khatri & Ng 2000.). The use of intuition can even have benefits in explorative situations - for example when conceiving strategic or technological alternatives – but should be complemented by more analytical methods (Miller & Ireland 2005). The interplay of rationality and intuition in strategic decision making is studied by Hodgkinson & Clarke (2007) who distinguish four cognitive styles along analytical-intuitive dimensions of information processing, which in turn influence the strategic decision making process. Certain activities in the strategy process may conflict with the cognitive style of the strategist and therefore strategy praxis should be matched with the cognitive styles of individual participants. Hodgkinson & Clarke, however, admit that the way in which such can be achieved in a real life setting is yet to be explored.

Recently, increasing attention has been given to the role of emotions in decision making processes. Loewenstein (2003) distinguishes between expected and immediate emotions, the latter indirectly influencing decision making because of its altering effect on perceptions of reality, information processing and even behaviour. Hess & Bacigalupo (2011) state that the application of emotional intelligence skills can help decision makers in dealing

with emotions since such skills support the decision making process and enhance the process outcomes. Voronov & Weber (2016) acknowledge the role of emotions in organizational settings and propose the concept of emotional competence, which unlike emotional intelligence is not an individual's capability for social interaction but rather is linked to "specific actor roles within a particular institutional order" (457). Related to emotions is the concept of *affect*, which Parkinson (1995) defines as the combination of emotions - feelings related to specific events, persons or objects - and mood - feelings unrelated to specific events, persons or objects - and can affect cognitive processes (Daniels 2012, 325). For instance, individuals who experience positive affect - i.e. who are 'in a good mood' - may overemphasize the likelihood of positive outcomes for instance and are more willing to accept heuristic information processing since they see the environments as more benign compared to individuals who experience negative affect and therefore see the environment more as problematic (ibid., 330-331).

Shifting the focus from the individual manager to the management team as an entity, Ansoff (1987) observes that management's lack in strategic thinking capability is a constraint in many firms because most management teams will tend to focus on operative and administrative decisions while neglecting or postponing the strategic decision making unless a certain event pushes them to do so. This was also confirmed during by Eisenhardt (1989) who, based on a study in the microcomputer industry, proposed a model to explain differences in the speed of strategic decision making process in environments where information is scarce or inaccurate.

Miller et al. (1998) study the relationship between strategic decision making and cognitive diversity - i.e. the "variation in beliefs concerning cause-effect relationships and variation in preferences concerning various goals for the organization" (Miller, 1990) - and conclude that high cognitive diversity between executives may, contra-intuitively, have a negative impact on their ability for strategic decision making as it tends to cause problems of communication, integration and political behaviour. In a similar line of thought, Gallén (2008)-building on Miles and Snow's (1978) strategic topologies-argues, based on a study of executives in the spa industry, that cognitive composition of the TMT affects the strategy they prefer, with

intuitive-thinking TMTs being more inclined towards prospector/analyser strategies, while sensing-thinking TMTs rather seek defender/analyser strategies.

Also, the way in which (strategic) decision problems are presented to a team can create bias in the decision makers' judgements. When the benefits of a specific alternative are highlighted, decision makers tend to take a negative, risk-avoiding, stance toward that alternative, and vice-versa. Therefore, to reduce bias in strategic decision making, strategists should go through a process of reflection prior to selecting strategic alternatives. (Hodgkinson, Bown, Maule, Glaister & Pearman 1999, 983.) Meissner (2014, 117) argues that the decision quality in the strategy process can improve when participants are exposed to cognitive conflict that is stimulated through information integration and alternative generation, two practices that need to be planned for during the strategy process design. On the other hand, Gibson (2001, 130) argues groups should maintain an equilibrium between conflict and consensus because higher intragroup consensus tends to facilitate knowledge integration and thus decision making while higher levels of intragroup conflict may stimulate knowledge exploration and examination.

Despite the fact that the notions of power and politics have a negative connotation in most Western organizations, Lewis (2002, 28) find that the use of power and politics – the latter being “the things people engage in when power does not come naturally” (Pfeffer 1981) – in strategic change processes should not be de facto dismissed and argues that in certain circumstances they might even be the only way to overcome resistance to change, for instance when organizational structures disproportionately favour certain groups or individuals to the disadvantage of others.

Weick et al. (2005) propose the concept of *sensemaking* within organizations, which they define as “the process in which retrospective interpretations are built during interdependent interaction”. Sensemaking is a way of creating order in a context of flux, and comes into play when interdependent actors try to give meaning to ambiguous inputs and opt to settle for plausibility. (413.) The reason to look for and accept plausible explanations rather than accurate explanations is that the former allows people to move on, while the latter may cause undesirable standstill (ibid., 415).

Cognition has also been related to the interpretation of competition. Several studies have shown that strategists tend to perceive their own firm as representative of their industry. Furthermore, since strategists within a field or industry are often exposed to the same cues and face the similar issues, beliefs about how business is done within an industry may start to converge, ultimately leading to imitating behaviour between firms, as strategists of individual firms narrow down the amount of strategic options they consider feasible in their industry. (Hodgkinson & Sparrow 2002, 128-136.).

Related to cognition is the aspect of learning, and several scholars link learning to strategy development processes. Burgelman (1988) sees strategy making as a social learning process within the organization, a process that requires certain mechanisms for top level managers to build further upon learnings from operative and middle levels in the organization. In line with Cyert and March (1963), Mintzberg (1990), however, questions the assumption that a single executive or a centralized body of authority within the organization can have access to all information needed for strategy formulation or—in the event it could have such access—would have the ability and time to convert all available information into knowledge of the firm's internal and external environment upon which to base a strategy. Instead, Mintzberg (1990, 1993) emphasizes the element of learning in the strategy development process, especially in situations of substantial change and uncertainty. Gray and Gonsalves (2002) see learning activities in SMEs in parallel to strategic planning as a determinant of business success. Levinthal and March (1993), however, warn that the benefits of learning in strategic renewal processes should not be overestimated, since learning rather provides knowledge about the short-term while strategy is about focusing on the long-term. Furthermore, they argue that learning tends to focus on the learner's close environment and that there is a bias toward learning from success rather than learning from failure.

National and organizational culture may also have an impact on (strategic) decision making. Myers, Kakabadse, McMahon and Spony (1995) suggest that top managements' management styles vary with national culture of the TMT members. For example, Swedish and Finnish top management teams appear to emphasize team spirit and consensual decision making (ibid., 21).

Shrivastava (1985) finds that strategy formulation can be influenced by organizational culture as well, and finds that four groups of cultural elements have a distinct impact on various stages of the strategic decision making process: (1) myths and sagas affect problem formulation, (2) language systems and metaphors affect the generation of strategic alternatives, (3) symbolism, ceremony and rituals affect consensual understanding and (4) value systems and behavioural norms affect strategic choice. Consequently, organizational culture also influences strategic content. (104.)

A next topic that is addressed by strategy research is which specific actors are involved in the process, their role and influence, and how they interact either as individuals or as groups during strategy formation.

Chief Executive Officers (CEOs) are mostly judged on how well they guide the firm to future success through strategic conceptualizations rather than on how well they can maintain present conditions (Bass 2007). Strategically oriented CEOs “focus on what comes next and make it happen”. (ibid., 40). Based on his review of strategic leadership research, Bass suggest that the ability for strategic formulation is much determined by the strategic leadership qualities of its executives’, i.e. their capability to look into the future, scan the firm’s environment and – despite lack or overflow of information – translate the resulting observations into visions, strategies, processes, structures, and organisational culture, while sustaining constructive intra- and extra-organizational dialogues. A core competence for CEOs and executives is the conceptual capacity to deal with issues of cognitive, behavioural and social complexities. (ibid., 40-41.) Korbi (2015) concurs with Bass on the core elements of strategic leadership, namely the capability to articulate a “powerful strategic vision and translate it into a realistic competitive strategy”, creativity and flexibility and communication, negotiating and influencing skills. According Korbi there is little evidence for supporting a single optimal strategic leadership style. Instead various styles of strategic leadership may be required during the strategic change process, depending on the circumstances. (20-22.) Research about European leadership styles by Brodbeck et al. (2000) pointed out that the presence and acceptance of certain leadership styles can depend on local and national cultural origins. Based on an empirical study, Carmeli et al. (2011) found that CEO relational leadership supports trust

building amongst TMT members, thereby helping them to learn from failures and thus improve strategic decision making.

Rindova (1999) argues that directors of the board can make a significant contribution on strategic decision making by applying their problem-solving expertise. Such would, however, first require a more active dialogue between executives and directors during the strategy formation process. Based on a study of small corporations, Fiegenger (2005), however, concluded that formal board participation in strategic matters is limited, with CEOs usually seeking advice of their boards only when they are facing organizational change or decreasing company performance. According Nadler (2004) CEOs should nevertheless seek active board involvement during corporate strategy development even though CEOs may be reluctant to involving the board too much in the actual managing of the firm.

Woolridge et al. (2008) argue that strategy literature provides ample proof that middle management members play a considerable role in strategy development. Over the last decennia, the role of the middle management has evolved from plainly executing strategy to providing input (e.g. information) for strategy. Floyd and Woolridge (1997) stress that, to be of strategic value, the upward influence by middle managers should include a synthesis of strategically important information and should not be mere reporting about functional matters. Based on a case study, Canales finds that (2013) involvement of the middle management in top-driven strategy renewal becomes more important when such renewal is critical for survival of the organization. Involving the middle management should, however, not happen on an ad hoc basis. Instead, top management needs to plan in advance how the middle management will contribute to strategic renewal processes and then coach middle managers in getting acquainted with this role through transformational leadership. Floyd & Lane (2000) argue that roles conflicts between individual managers or between managerial functions might hinder the realization of change that is required for the strategic renewal process. These conflicts are mostly contained to middle and lower management echelons, but the manifestations of these conflicts, such as poor information exchanges and lack of trust, can nonetheless have repercussions on the interactions of executive management members. Raes et al. (2011) emphasize

as well the importance of good interface processes between executive and middle management teams as this can improve the quality of both strategic decision making and strategy implementation.

Despite the apparent advantages of involving various organizational actors in the strategy process, not all organizations are per definition promoting participation. For instance, based on an empirical study of strategy work in 12 organizations, Mantere and Vaara (2008, 356) find that certain conceptions of strategy that exist in organizations may in fact hinder participation in the strategy process.

Tenure -i.e. the period an individual or a specific group of individuals has spent in a certain organization – can be a significant demographic to explain organizational outcomes, although individual tenure is likely to have less impact than group tenure (Pfeffer 1985). Finkelstein and Hambrick (1990) studied the relationship between top management team member tenure on organizational outcomes in a sample of 100 firms across three industries. Their findings suggest that long-tenure top management teams are less inclined towards strategic change and experimentation and are more prone to mirroring the strategic directions that are common in their industries in comparison to short-tenure top management teams who are more engaged in strategic experimentation and willing to implement strategies that deviate from the common standard in their industry. The impact that newcomers to the TMT have on the strategic direction should not be exaggerated since it is the combined effect of the tenures of all top management team members that determines the strategic direction (Finkelstein & Hambrick 1990).

In their study of the impact of demographics on corporate strategic change, Wiersema and Bantel (1992) distinguish between top management team demographic traits and demographic heterogeneity, the former being the level of individual demographic variables – e.g. age, tenure - and the latter the in-group level of variance of these variables, as a measure for homogeneity or heterogeneity. In a study of top management teams of Fortune 500 firms, the amount of strategic change appears to be more explicit when average top management team tenure is higher (ibid., 113). One explanation for this correlation might be that longer tenure teams have more time to develop a common way of efficiently making strategy. Somehow opposite to Pfeffer

(1985) and Finkelstein & Hambrick (1990), the impact of individuals was found to be significant, since short tenure teams were more able to drive strategic change after outsiders had joined the top management team (Wiersema & Bantel 1992). From a more general group behavioural perspective, Gersick's (1988) study about the work processes of newly formed teams finds, when facing time pressure, such teams tend to adopt specific routines to ensure they can complete the tasks they have been given.

2.2.2 Influence of the strategy process on outcomes

Achieving and sustaining competitive advantage is an often mentioned objective for strategic renewal, although scholars have different viewpoints about the focal point of the strategy renewal in order to reach this objective, for instance, through defining the optimal product-market position within the industry (Porter 1979, 1994), development and employment of specific internal competitive resources (Penrose 1959; Wernerfelt 1984; Barney 1986; Barney 1991), streamlining the activities of the firm and establishing the right mindsets (Woolridge & Floyd 1999), redefining relationships with its markets or industry competitors (Covin & Miles 1999), and development of specific capabilities to adapt to the environment and influence the environment to the firm's advantage (Prahalad & Hamel 1990; Teece & Pisano 1994; Teece, Pisano & Shuen 1997).

While the focus of strategy is frequently directed to achieving economic goals, some scholars emphasize the non-economic goals of strategy, which make the strategy "human" (Andrews 1989), make it the stabilizing factor of the organization within the complexity of the business environment (Hendry & Seidl 2003), and can enhance strategic integration within the organization (Jarzabkowski & Balogun 2009). Positive non-economic outcomes may in turn enhance economic outcomes (Iaquinto & Fredrickson, 1997), for instance through defining a valued corporate purpose for the firm (Gartenberg, Prat & Serafeim 2016).

2.3 Theoretical framework

2.3.1 Strategy-as-Practice

The "Strategy-as-practice" (S-a-P) framework takes the social practices that come into play during the making of strategy in organizations as a starting

point for strategy process research (Rasche & Chia 2009, 713). From a broader epistemological perspective, the emergence of the Strategy-as-Practice perspective fits in a renewed interest in the study of practices, reaching out to the field of sociology and organizational studies (Miettinen, Samra-Fredericks & Yanow 2009, 1310-1312). Strategy-as-practice deconstructs the traditional views of strategy context (considering the environment as determinant), strategy process (the macro-level organizational streams and process) and strategy content (the listing of rules and resources) and instead suggests these are three connected aspects which are constantly being recreated through social practices of the members of the organization (Rasche 2008, 272-273). Jarzabkowski and Spee (2009) explain the growth of the strategy-as-practice perspective because of a dissatisfaction with conventional strategy research which has neglected the importance of “human actors and their actions”. Instead, strategy as practice is concerned “with the doing of strategy: who does it, what they do, how they do it, what they use, and what implications this has for shaping strategy” (ibid., 69).

Vaara and Whittington (2012, 290-291) identify four distinct features of strategy-as-practice research: strategy-as-practice research is based upon sociological theories of practices rather than upon economic theories, it considers multiple outcomes of strategy making which reach beyond the purely economical, it can be applied for studying strategic management in different types of organizations and it has caused a shift from quantitative towards qualitative methodologies.

Chia and MacKay (2007) emphasize that although both the traditional processual framework and the strategy-as-practice framework seek to study the strategy process, they differ fundamentally from an ontological point of view. Whereas in processual research the ontological primacy is on the actor (and thus assumes that processes are the result of the actors’ deliberate intentions), the ontological primacy in the strategy-as-practice perspective is the practice in se, instead of individual or organizational intentions. According Chia and MacKay, to understand the emergence of a strategy, research should be sensitive for the “unspoken, the inarticulate and even the unconscious aspects of strategy making” which are expressed in strategic practices. Strategy-as-practice research should set itself clearly apart from processual

strategy research through rigorous focus on strategy practices as the primary locus of analysis. (ibid., 237-238).

Denis, Langley and Rouleau (2007) argue in favour of using the strategy-as-practice framework for strategizing in pluralistic organizations, i.e. organizations that are characterized by multiple objectives, diffuse power and knowledge-based work processes (182). Strategy-as-practice considers the act of strategy formulation and implementation as a social process, through the continuous discourse and communication between various members of the organization on and between all hierarchical levels. Emphasis is placed on the actual practice aspect of strategy development, the “way people talk, act and interpret when they are strategizing”. (ibid., 197.) The practice of strategy formulation and implementation – often referred to by the term “strategizing” – draws on organizational and other practices which influence the way the strategy is formed and the resulting strategy itself (Vaara and Whittington 2012, 286).

Not only management research but also management education can benefit of an epistemology of practice, since it unites theory and practice, with theorists and practitioners working side by side to produce and disseminate new knowledge “with the ability to make modifications as knowledge is applied in practice or as new knowledge or theory is produced from the field” (Raelin 2007, 499). From an educational point of view, the strategy-as-practice approach can provide the student with valuable insights about the strategy from a practitioner perspective, as an addition to in-class acquired knowledge (Harrington & Kearney 2011), and make the researcher-student familiar with the actual praxis of strategic management ,which may support the student in becoming a practitioner him/herself (Jarzabkowski & Whittington 2008).

2.3.2 Practitioners, praxis and practices

Whittington (2006) proposes an integrative framework for researching strategy formation aiming at the study of the three core elements that are involved in strategy formation – *praxis, practices and practitioners* – and emphasizes the importance of their interconnectedness and linkage between intra-organizational and extra-organizational levels. In Whittington’s framework, the concepts of praxis, practices and practitioners are defined as follows (ibid., 619-620):

- *Strategy practitioners* are the key actors “who do the work of making, shaping and executing strategies”. The group of strategy practitioners is not just limited to the strategizing executives, but includes all intra- and extra-organizational actors that play a role in the strategy work.
- *Strategy praxis* is what the practitioners actually do, i.e. all the intra-organizational, formal and informal activities that are performed during strategy formation and implement. Much of these activities happen during *strategic praxis episodes*, e.g. formal meetings, workshops, but also simple, informal conversations.
- *Strategy practices* refer to how practitioners perform praxis. Practices are driven by intra-organizational, multilevel routines, procedures and cultures but also by extra-organizational – for instance sectoral and societal – routines and behaviours, for example industry-specific analysis techniques and societal norms.

According Whittington, practice-oriented studies do not have to combine the three elements of praxis, practices and practitioners per definition, but given the interconnectedness between the three elements, the proposed research framework should reflect and acknowledge the links between these elements (ibid., 620). Balogun et al. (2012, 245) as well admit that keeping a simultaneous focus on the three aspects of the practices-practitioner-praxis framework may prove difficult during research, but add that the practitioner is probably the least well understood and thus should deserve particular attention.

3 Methodology

3.1 Research approach

The research approach defines the appropriate method(s) for answering the research question. As described in 1.3 the main research questions (RQ) and the two sub-questions (RQ1a and RQ1b) are:

RQ: What is the relationship between the practices that a newly appointed top management team employs during strategy formulation and the traits of the formulated strategy?

- RQ1a: Which practices can be distinguished during the strategy formulation process conducted by a newly appointed top management team?
- RQ1b: What are the traits of the strategy content that is formulated by a newly appointed top management team?

The central theme of the research question are the practices of strategizing. As explained in 2.3, the strategy-as-practice framework focuses in particular on the study of strategizing practices and their relationship to a broad range of outcomes, and can thus be considered as suitable to answering the research question. Research according the strategy-as-practice framework is mostly qualitative in nature, but does not draw upon a single epistemological position or research strategy (Johnson, Langley, Melin & Whittington 2007, 53). Furthermore, strategy-as-practice-based research strives towards plurality in levels of analysis and their interrelationship, plurality of actors involved in strategizing across organizational levels, plurality of dependent variables and plurality of theories, employing multiple theoretical lenses (ibid. 12-15).

As indicated by sub-question RQ1a, this research aimed to study the strategizing phenomena from a process viewpoint, which requires that the chosen research design is suitable to capture the temporal dynamics of the process, making longitudinal data collection a necessity (Johnson et al. 2007, 53, 56). Furthermore, to study practices, the researcher needs to be in close proximity of the practicing strategists.

For the above-mentioned reasons, ethnography was used as research method. Ethnography is one of the favored methods when the focus is on capturing the process aspect of strategizing, because it ensures proximity of the researcher to practicing strategists (Johnson et al. 2007, 56; Rouleau 2013, 559). Since the study intensively focused on a single case, framed within the context of the case company, it is an ethnographic case study (Bryman & Bell 2007, 68).

Ethnography as research method assumes that researchers “first discover what people actually do and the reasons they give for doing it” before trying to provide interpretations based on own experience or on academic theories (LeCompte & Schensul 2010, 2). An important characteristic of ethnography as a form of scientific inquiry is that it intends to produce a story about events

as they occur in their natural setting, by documenting what is happening, without manipulating the setting (ibid., 13). Ethnography is suitable for the documentation of processes that are context dependent and where long-term presence in the setting to be observed is feasible. (ibid., 44-50). This condition is fulfilled in this study, since the researcher was allowed to work in the premises of the case company for the duration of the research. Furthermore, the researcher was granted access to all documents, databases and events (e.g. workshops, meetings) that were related to the subject of the research.

Two of the most essential data-collection methods for ethnographic research are participatory observations and face-to-face interviews (LeCompte & Schensul 2010, 175-176), and both can be combined in the study of strategic practices (Bispo 2015, 316). Real-time observations are the primary data collection method because they allow to register the interactions between strategizing individuals, and thus can play an important role in “advancing the understanding of strategizing” while interviews are a good way to complement observations by providing data about how individuals feel about the events that occurred and to triangulate data. (Johnson et al. 2007, 68; Bispo 2015, 316.). Another reason to take observations as primary data collection method is that they allow to witness the discursive practices that are core to strategy formation, since it is “through talking that strategists negotiate and establish meanings, express cognition, articulate their perceptions of the environment...and from this basis, legitimate their individual and collective judgements” (Samra-Fredericks 2003, 143).

For these reasons, participatory observation complemented with face-to-face semi-structured interviews were used as data collection methods to answer RQ1a, “*Which are the practices that members of newly appointed management teams apply in a strategy renewal process?*”.

In terms of unit of analysis, Johnson et al. (2007) point out that from a strategy-as-practice perspective the unit of analysis can be either very narrow or very broad, depending on where one wants to draw the boundaries of the activities that may contribute to strategizing and which activities need to be considered to answer the research question. To avoid ambiguity, however, it is recommended to avoid a too broad unit of analysis. Johnson et al. suggest that

an “attractive unit of analysis” for strategy-as-practice-based research is the “strategic episode” that is proposed by Hendry & Seidl (2003). (ibid., 58.)

Hendry and Seidl (2003) draw upon Luhmann’s (1990, 2000) research on social systems to define the concept of “strategic episodes” as distinct events in time and place, during which the context switches from the operational towards the strategic context, and back once the episode is terminated. Examples of formal strategic episodes are meetings, workshops, away-days but also informal episodes such as casual discussions about strategic issues may be considered. (183-187.)

From a practical perspective, it was unlikely that capturing all strategic episodes, both formal and informal, would be possible in this study. For this reason, the formal strategy episode was taken as unit of analysis, with an emphasis on the praxis aspect, namely “the flow of activities such as meeting, talking, calculating, form-filling and presenting in which strategy is constituted” (Jarzabkowski & Whittington 2008, 283) At the onset of the strategy formulation process in the case company, it was decided to split the process in four consecutive praxis stages: the “briefing”, “analysis”, “prototyping” and “formulation” stages. Each stage had its own purpose and objectives (see also chapter 4.1.). For this reason, the episodes were grouped per stage as it might help to reveal practices that are typical for each stage.

Johnson et al. (2007, 61) point out that once the unit of analysis is defined, the next question is sampling, i.e. how many and which specific units of analysis to include in the research and where to find information on the selected units. In the case of strategic episodes, Johnson et al. suggest ensuring that there is a dimensional variance between the sampled episodes, so that the episodes can be contrasted and compared against each other. Furthermore, an effort should be made to “collect information from as many sources as possible and as completely as possible on that unit to ensure it is fully understood”. (ibid., 62). As indicated above, the sample consisted of the formal episodes during the four stages in the formulation process, which have dimensional variance in terms of the specific purpose and objectives that are set forth for each stage.

The answer to research sub-question RQ1b “*What are the traits of the strategy content that is formulated by a newly appointed top management team?*” was derived through document analysis. Document analysis is a

qualitative research method that is suitable for the systematic analysis of organizational and institutional documents (Bowen 2009, 27). The researcher must, however, evaluate, whether the document is relevant to the research question and fits within the framework of the study (Bowen 2009, 33). In this case, the strategy document was accepted by the case company's board of directors as the official statement of the strategy, and was released in the same form to the case company's organization. As such it was relevant for the study and was as a suitable data source for examining the traits of the formulated strategy content, thereby answering the second research sub-question.

Furthermore, using an organizational document as data source fits within the theoretical framework since strategy-as-practice based research considers documents as one of the potential data sources for conducting research (Vaara & Whittington 2012, 315). Document analysis is often used in combination with other qualitative research methods to allow for triangulation (Bowen 2009, 28). In this study, the top management team members were asked about the traits of the content of the strategy document during the face-to-face semi-structured interviews, which thus provides complementary data.

Once the answer to both research sub-questions was provided, the answer to the main research question could be derived.

A schematic representation of the research design can be found in Figure 5.

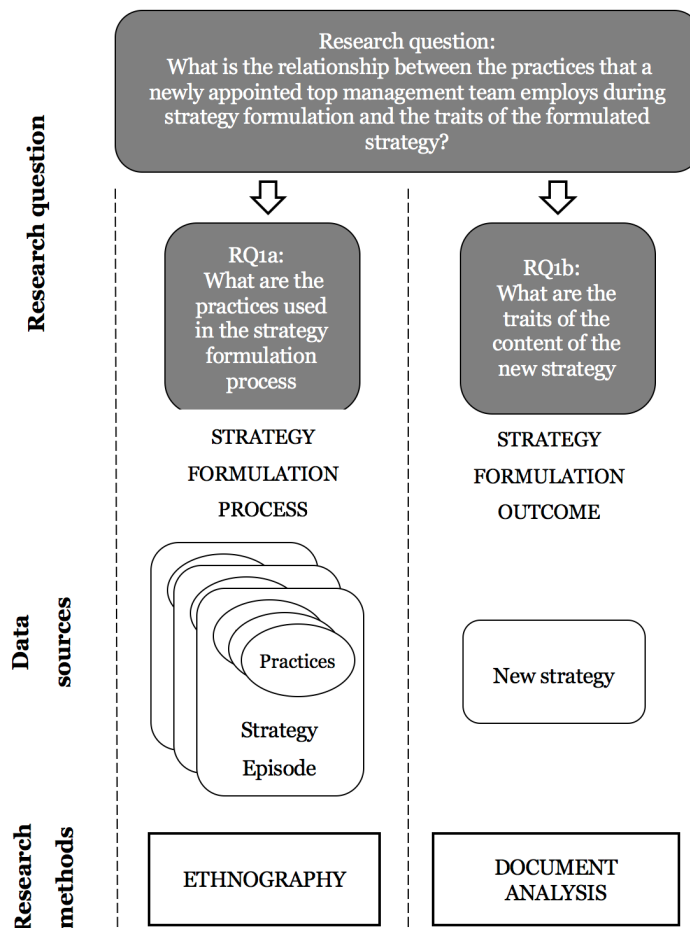


Figure 5. Design of the research

3.2 Research context

Ethnography places high importance on the context of the research. Context refers to the various institutional, organisational, historical, economic, societal and environmental factors that may influence the behaviour and beliefs of groups and individuals. (LeCompte & Schensul 2010, 22.)

The context that is relevant for this study was the case company's organization, its business environment, and the organizational and strategic antecedents that led to the initiation of the strategy renewal project.

3.2.1 The case company

The case company was a Finnish privately-owned company that developed, sold and supplied industrial equipment. Besides its Finnish headquarter, the case company had two subsidiaries abroad. The case company employed about

350 persons (2015), of which 70% are based in Finland, the remaining 30% abroad.

The main customer base of the case company consisted of European and North-American OEMs and Tier1 / Tier2 suppliers that were that are active in a broad range of industries.

The case company's customers varied widely in terms of magnitude of their operations, with local SMEs at one end of the spectrum to large multinationals at the other side.

3.2.2 Antecedents of the strategy process in the case company

Until the early 2000's, the case company—at the time an SME—had been able to achieve rapid growth. Demand for the case company's rather unique products had been high and domestic and international sales revenues had increased all the time as competition was scarce, few substitutes were available and customers accepted premium pricing.

The financial-economic crisis that started in 2008-2009, however, triggered changes in the business environment. New players entered the industry and competition for market share increased. Since many customers were themselves impacted by the economic downturn, fewer of them had the possibility to invest in industrial solutions. Competitive strategies in the industry gradually shifted from differentiation to cost competition, since customers began to gain more and more bargaining power. The combined effect of these changes in the business environment and the lack of adequate and timely response caused a decline in the case company's sales revenues, aggravated by a decline in profitability.

In an attempt to rectify the situation, the case company's upper management—basically the managing director, sometimes assisted by a few middle level managers—released a new strategy. Despite the level of detail of the strategy, it had several shortcomings in its content, which caused difficulties to communicate and implement the strategy in the organization. The fact that the strategy had been compiled by an external consultancy firm had raised questions about its validity, not only amongst the case company's employees, but also amongst several of its operative managers.

The new strategy had called for several organizational changes. Because the company had outgrown the SME stage, it had been decided that the company needed more formal structures and processes. The most important changes were the following:

- The board of directors appointed a CEO, who was to replace the managing director. The new CEO had been on the case company's board of directors since a few years, and had in parallel been responsible for the operative management of the case company's business units.
- The new CEO initiated initiatives to develop and/or renew the management system, the core internal processes and organizational structure. Furthermore, the CEO formed a top management team whose core responsibility was to become strategic management. The new top management team consisted for the most part of managers who were promoted from middle management positions and of one external recruitment.

Given the issues with the existing strategy and the organizational changes, the board of directors decided that the strategy had to be updated once again. Consequently, the CEO initiated a strategy renewal project.

The single condition set forth by the CEO was that the strategy renewal project would be the exclusive task of the newly appointed top management team, without intervention or support of any external parties, such as business consultants. The CEO's rationale for doing so was twofold: First, it would strengthen the collaboration within the newly appointed top management team; secondly it would make the executive management team more committed to the strategy. To underline the top management team's responsibility in strategy matters, the CEO renamed it as "strategic management team".

The CEO insisted on an explicit strategy renewal process: bounded in time, with a clear start and end. The CEO gave as rationale for this approach the urgency for drastic renewal of the strategy, which he thought was only achievable through an explicit strategy renewal project, as it would give strong signal to the organization that the changing business environment required substantial strategic change. As such, strategy formulation and

implementation were to be conceived as two consecutive “projects”, each with a scope, a deadline and a deliverable. The deliverable of the formulation project was the new strategy. As explained earlier, this study will focus on the formulation process.

3.2.3 Organizational structure of the case company

As explained above, a new organizational structure was set up prior to the start of the strategy renewal project. The members of the newly appointed top management team were given the responsibility to lead the upper-level organizational functions, which are shown in Figure 6.

Products and services were offered through three different business units, two of which focused on providing technical solution to specific customer ranges, while the third one offered more service-related solutions. Business units had profit & loss responsibility. In addition to the three product lines, the major organizational units were: Sales & Marketing, Project Management and Support Functions (HR, Finance, IT), Finance, Business development and Quality Management.

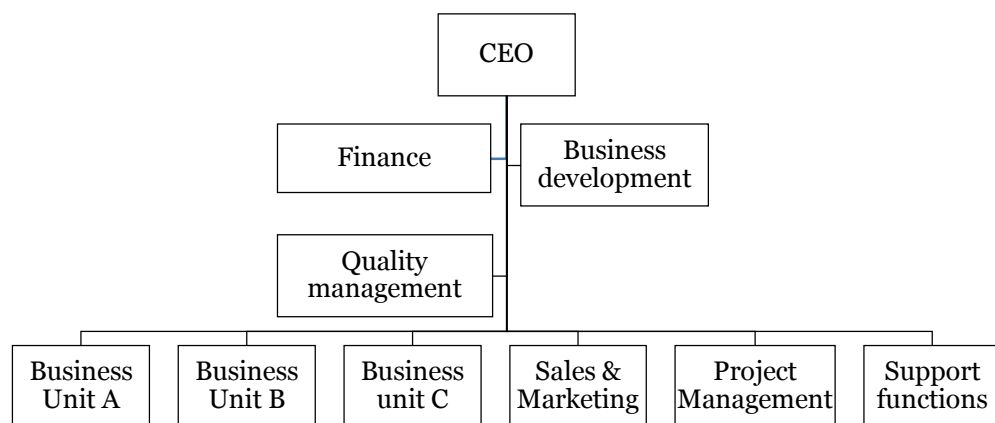


Figure 6. Upper-level organization chart of the case company at the start of the strategy renewal project

3.2.4 Principal actors in the strategy formulation process

The nine actors that were to conduct the strategy formulation process were determined by the CEO. These “strategists”, as I will call them hereafter, bore the final responsibility for developing and releasing the new strategy. The

group consisted of the CEO, the six members of the newly appointed top management team and two middle management members. Two strategy project coordinators (hereafter called “coordinators”) were appointed to coordinate the practicalities of the process and comprised one of the strategists (in a combined role) and one middle management team member. The lists of all actors and their role are shown in Table 1.

Table 1. Main actors in the strategy renewal process

	Role	Actors
Strategists	Group of nine strategists, responsible for creating the new strategy. This group included the seven members of the strategic management team (the TMT), to which two members of the operative management were added as the CEO considered their input crucial for the strategy renewal team.	<ul style="list-style-type: none"> • Chief Executive Officer (CEO) • Chief Financial Officer (CFO) • Vice President, Business Unit A • Vice President, Business Unit B • Vice President, Business Unit C • Vice President, Sales & Marketing • Vice President, Global Projects • Director of Business Development • Director of Marketing
Strategy project coordinators	Primarily responsible for coordinating the activities during the strategy development process (workshop planning and facilitation, scheduling, documenting the process)	<ul style="list-style-type: none"> • Director of Business Development (combined role as strategist) • Director of Quality Development

All strategists were male, and of Finnish nationality. All held office in the Finnish HQ except for one Business Unit Vice President, who was located at the central-European subsidiary (of which he also was the Managing Director). The age of the strategists at the start of the strategy formulation process was between 32 and 56 years. Their tenure in the case company varied between 0 and 32 years, with an average of 12 years. One member had joined the case company just prior to the start of the strategy renewal project; three out of nine members had no working experience from companies other than the case company. The number of years of involvement in strategy matters varied between 0 and 20 years, with an average of 6 years. For three strategists, out of nine it was the first time to be involved in any form of strategy development activities. All strategists were holder of a Master of Science degree.

3.3 Data collection

As pointed out in 3.1, data was collected by means of participatory observation and interviews. The following table summarizes the approach for the observations and interviews that were conducted in this study.

Table 2. Observations and interviews as ethnographic data-collection methods, as used in this study (adapted from LeCompte & Schensul, 2010, 175-176)

Data collection method	Purpose	Target	Procedure	Data content
Participatory observation	Record situations as they happen	Activities Events & sequences Behaviors of individuals and groups Conversations Interactions	Written field notes	Depiction of Physical setting Acts Activities Interaction patterns Meanings Beliefs Emotions Objects
Ethnographic interview	In-depth information on selected topics Description of practices	Representative individuals	In-depth semi-structured interview	Answers to open question

Furthermore, documents are used as complementary data source for evaluating the content of the newly formulated strategy.

3.3.1 Data collection through participatory observation

Data about the strategizing practices was collected through observing the strategists during the formal praxis episodes of the strategy formulation process.

The observation was participatory, meaning that the researcher “immerses himself in the social setting and takes part in relevant activities” and unstructured, thus recording as much as possible in order to develop a narrative account of the observations. (Harding 2013, 21.)

For this study, the researcher was granted access to the formal strategy episodes, which were mostly meetings or workshops, either in the case company’s facilities or on location. During the first formal meeting, the CEO explained to the strategists that the researcher was going to conduct a study

about the strategy formulation process and therefore was to participate in all meetings and workshops. The researcher briefed all strategists about the scope of the study and responds to any questions. Through this introduction, a first rapport was created between the researcher and strategists. Creating such rapport is primordial in ethnographic research as it creates the basis of trust between researcher and participants in the study (Ladner 2016, 117). The researcher sustained rapport throughout the study by adapting to and respecting the strategists' common ways of doing, thus by "being part without being in the way".

Ethnographic researchers are not observing "only when they have their notebook open" but are continuously ready to record relevant data (Ladner, 2016, 129). In that sense, attention was also paid to what happened before, after and between meetings and workshops, for instance when strategists engaged in small talk or informal chatting.

Handwritten field notes were taken to record the observations. A laptop was not used because this might lessen rapport (Ladner 2016, 62-63) and because participants in the meetings and workshops were asked not to use their laptop. After each event, the handwritten notes were transcribed into an Microsoft Excel worksheet to allow clarity and coding (see 3.4). In total, 115 hours of observations were carried out for the study.

To ensure that the right focus is kept during the observations, the researcher needs a clear theoretical orientation that helps to select which observations are important and which are not (Ladner 2016, 122, LeCompte & Schensul 2013, 79). In this study, a substantial literature review was conducted in preparation for the observations. Since ethnography is a recursive process, additional literature was continuously reviewed during the data collection process, whenever observations revealed new or unexpected findings.

3.3.2 Data collection through semi-structured interviews

After the release of the new strategy to the organization, the researcher conducted face-to-face interviews with the nine strategists. The purpose of the interview was twofold. Firstly, it provided an ex-post reflection on the strategy process by the strategists, in which they looked back on the main activities and practices that had occurred in the process, which helped to answer research

question RQ1a; secondly the strategists were asked about the content of the strategy they had formulated, which supported answering research question RQ1b.

Since the interviews were conducted after the formulation process, the interview questions about the process were intended to either validate certain observations or to complete observational data. The interview structure was divided into three main parts, each of which was split into topics. The first part of the interview dealt with the strategy formulation process, and the topics were ordered according the consecutive stages in the strategy process. The second part dealt with the outcome of the strategy process, namely the new strategy, and the topics were related to the content of the new strategy. The third part was about the strategist' personal experience of the formulation process. The interview guide can be found in Appendix 1.

The interviews were held at the premises of the company. A two-hour slot was foreseen for each interview, with a possibility to extend it for another half hour. The interviews lasted between 65 and 145 minutes. At the start of the interview, the researcher explained the purpose of the interview (further improve the understanding about the strategy development process and its outcome) and its objective (gather comments on the strategy development process and its outcome from the individual strategists). The interviewees were told that the interview results are anonymous. To help recalling the events during the process, the interviewees were given a visual aid consisting of seven A4 pages that depicted pictures or graphs that were relevant to each strategy episode.

All interviewees gave their consent for the interviewee to be recorded. During the interviews, notes were taken about significant comments, as well as about non-verbal cues such as facial expressions and gestures. The first interview was conducted with the CEO, and was simultaneously used as a pre-test to validate the interview method and structure. However, no changes were required and the same method and structure was used for the remaining interviews.

3.3.3 Data from documents

In this study, the strategy document that was compiled by the top management team was used as a complementary data source. The strategy document consisted of a 70-page document that was published in the form of a printed slide set in pdf-format. The document was released as an official written statement of the strategy on the case company's intranet and was used to communicate the strategy to the organization.

3.4 Data analysis

3.4.1 Ethnographic data analysis

Ethnographic data analysis is a recursive process, during which the ideas of what has been discovered are continuously modified and elaborated. As such, data analysis starts already after the first data have been collected. (LeCompte & Schensul 2010, 179).

The analysis of ethnographic data implies that all data—in this study obtained through observations and interviews—are considered. The first step is dividing the dataset in conceptual groups or categories, for which LeCompte & Schensul (2010, 200) describe three typical approaches, namely:

- Classifying information according conceptual categories set derived from the theoretical framework,
- Sorting information according common, straightforward categories,
- Inductive searching the dataset for smaller and larger themes and patterns.

Each of these approaches require multiple readings of the entire data set until a "picture emerges from the morass of observations, interviews and other kinds of information", and in practice, all three approaches will be used during data analysis (ibid., 203-204).

Analysis of the data starts from the concrete item-unit level analysis and goes via pattern-level and structural-level analysis to the point where abstract interpretations can be formed. This leads to construct a set of results, which are still closely related to the actual events. Next comes interpretation of the

results, which means that the results are being explained according various levels of theory. These levels go from the local level of theory, over the middle-range theory to the paradigmatic level of theory. Local theory explains the events as experienced by participants in the study, in their setting. Middle-range theory seeks to explain the results beyond the local setting, for instance in similar environments or communities. The paradigmatic level of theory goes one step further, to the point where theory becomes abstract and thus more generalizable. (LeCompte & Schensul 2010, 220-224.)

The same approach was followed in this study. During the study, all data were gathered in an MS Excel worksheet. Next, specific items were extracted and coded. Initially a list of initial pre-defined codes was used—mostly derived from the reviewed literature and the strategy-as-practice framework—or codes were simple terms that described for instance the kind of event or its location. As data came in, the data set was reviewed, which lead to the definition of new codes or the refinement of existing codes. Simultaneously, during each review of the dataset, a search for patterns and themes was conducted. This entire process was recursive throughout the study until the final patterns and themes emerged.

This study focused on a single case, and therefore the results are explained mainly using local level of theory. Nevertheless, based on these local level theory explanations, propositions were formed that allow future research to validate the explanations in similar environments, which in turn may advance the theory beyond the local level.

3.4.2 Document analysis

Document analysis requires examining, reading and interpretation. It is a process that consists both of content analysis and thematic analysis. Content analysis is the classification of information according pre-defined categories that are central to the study. Thematic analysis aims to recognize patterns in the data until themes emerge, which will be used as categories for analysis. (Bowen 2009, 32-34.)

The approach for content analysis in this study was derived from the method proposed in Pandit's (1996) study about corporate turnaround, which uses documents as principal data source. For this study, the method was adapted to

define a list of “traits of good strategy content”. First, a content analysis of literature sources was conducted to define which traits of strategy content are characteristic for “good strategies”. Based on the results of the analysis, a list of “traits of good strategy content” was derived, both for corporate and business strategy content. Next, the content of the actual strategy document—as compiled by the strategists in the case company—was compared against the traits proposed by literature. This comparison allowed to assess which of the proposed “traits of good strategy” were strongly present in the actual strategy, which were weakly present and which were absent.

The approach for the evaluation is depicted in Figure 7.

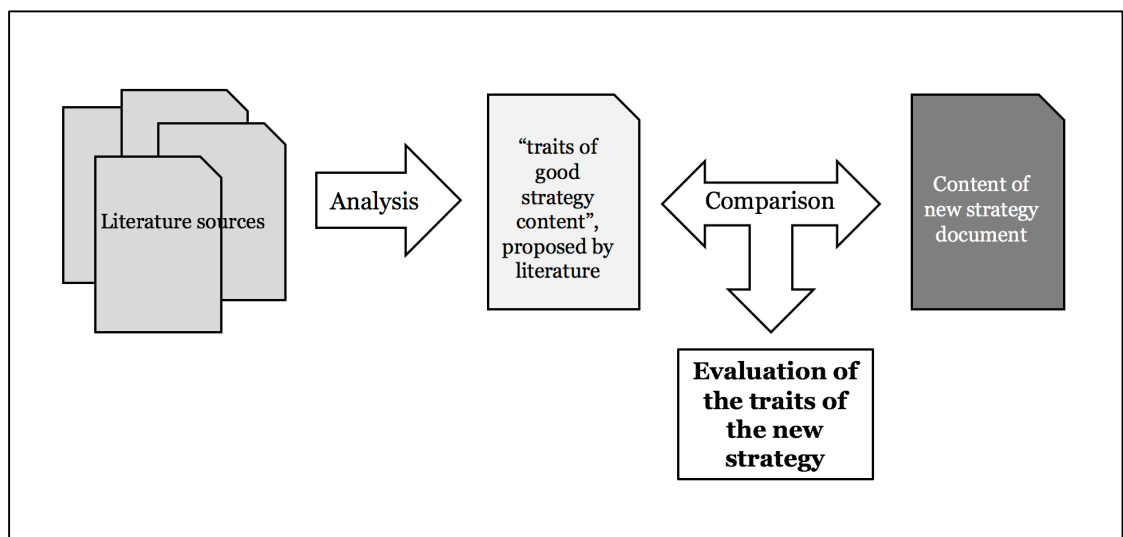


Figure 7. Approach for evaluating the traits of the content of the new strategy

As document evaluation in this study was used for verification—as complement to other methods—the literature review did not have to be extensive (Bowen 2009, 33). The basis for selecting the literature was that the sources allowed set forth unambiguous criteria for corporate and/or business strategy content. Four literature sources were selected: Hofer & Schendel (1978, 42), Andrews (1987, 27-34), Porter (2008, 115-116) and Rumelt (2012, 11-22).

To allow triangulation of data, the top management team members were also asked about the traits during the individual semi-structured interviews.

3.5 Reliability and validity

Rowley (2002, 20-21) summarizes four common tests to assure the quality of social research:

- Construct validity is achieved defining proper measures for the phenomena being studied in order to reduce subjectivity, through linking the data collection questions and measures with the research questions,
- Internal validity is achieved by constructing a clear causal relationship between certain conditions that are proven to cause the emergence of other conditions,
- External validity is to be assured through correctly defining the domain boundaries to which the research findings can be applied,
- Reliability aims at assuring that the research can be replicated, that is, that similar data sets will lead to similar findings, and is achieved through proper documentation of the data collection procedures and the collected data sets.

Construct validity in this study was ensured through thorough literature review prior and during the study and through continuous review of the collected data during the study, as is typical in ethnography.

The approach for ensuring internal validity in this study was to combine three different data collection methods, as explained in 3.1. Furthermore, the data collection happened over a period that was long enough (seven months) to verify and confirm the validity of the data multiple times.

In terms of external validity, the findings of this study, being an ethnographic case, study cannot be generalized. However, as explained in 3.4, the findings in this study are used to define propositions that allow validation in similar settings through future research.

In this study, reliability was assured through involving all participants in the study in order to capture all the sayings and doings that are relevant, and through consistent application of the data collection and analysis methods. However, one cannot deny that there may have occurred events (e.g. informal chats, unforeseen events in the organizations, external events, etc. that have not been observed and documented, but may have impacted the strategy formulation process and its outcomes.

3.6 Ethical considerations

Ethnographic researchers must pay attention to ethical commitments (Bryman & Bell 2007, 449). The design of the research needs to take into account the ethical considerations that dictate “how to protect the people they are studying against risk, including social, physical, financial and emotional harm or damage to their reputation”. If such risks exist, the researcher should bring them to the attention of the participants in order to give them the opportunity to properly (re-)consider their participation in the study. Furthermore, risks should not only be evaluated with regards to the individuals that take part in the study but also in respect to the wider community or institution they represent. (LeCompte & Schensul, 2010, 285-286.)

A researcher has also a power position over the participants because he/she ultimately decides what will be published and disseminated. Because ethnographic research implies a strong rapport between researcher and participants, it may happen that participants—consciously or not—disclose private or secret information. Therefore, researchers must accept that they are bound to ethical standards that aim to protect participants, and thus must refrain from disclosing irrelevant or harmful information. (LeCompte & Schensul 2010, 303-304.)

In this study, the subject was the strategy making of a specific company, which is a highly sensitive and confidential subject. The researcher had direct access to high-level information about the company and the actions, opinions and ideas of its executives. It goes beyond doubt that inappropriate disclosure of such information would harm the company, the executives and basically any stakeholder to the firm.

At the start of the study, the researcher discussed the ethical considerations with the CEO and the following guidelines were agreed:

- The name of the case company was not to be published; contextual information about the company was only provided when relevant and required for the study, and in a way that did not allow identifying the company.

- Anonymity of participants in the study was to be guaranteed by not disclosing information that would allow identifying the participants.
- No strategic or operations data (e.g. figures, names, locations...) that would allow identifying the case company were to be disclosed.

In summary, the researcher committed himself to publish only data that were relevant for conducting the study and are required to demonstrate its validity.

These guidelines were communicated to the participants at the start of the study, after which all participants gave their consent for participation. The guidelines were reconfirmed at the end of the study. Approval for publication of the study was granted on condition that all the above-mentioned guidelines are respected.

4 Results

4.1 Outline of the strategy formulation process

The CEO and CFO, together with the coordinators, had decided on the outline for the formulation process, which consisted of four separate, consecutive, stages in a 21-week period. As explained in 3.1, each stage represents a unit of analysis in this study.

- The briefing stage was intended to introduce the rationale, objective and timeframe of the strategy renewal project to the strategists.
- During the analysis stage, a series of analysis activities was to be set up to gather and review information about the company's internal and external business environment.
- In the prototype stage, potential strategic scenarios were to be explored using the findings of the analyses and guided by the CEO's statement about the vision of the company (what kind of future the company envisions) and its purpose (how it will actually contribute in realizing that future).
- The objective of the formulation stage was to create the final strategy by using the outcomes of the prototyping stage and formulate a strategy

document that could be released and communicated to the entire organization.

The outline was considered as a “manageable framework” that would allow for adjustment if necessary. The initial outline is shown Figure 8.

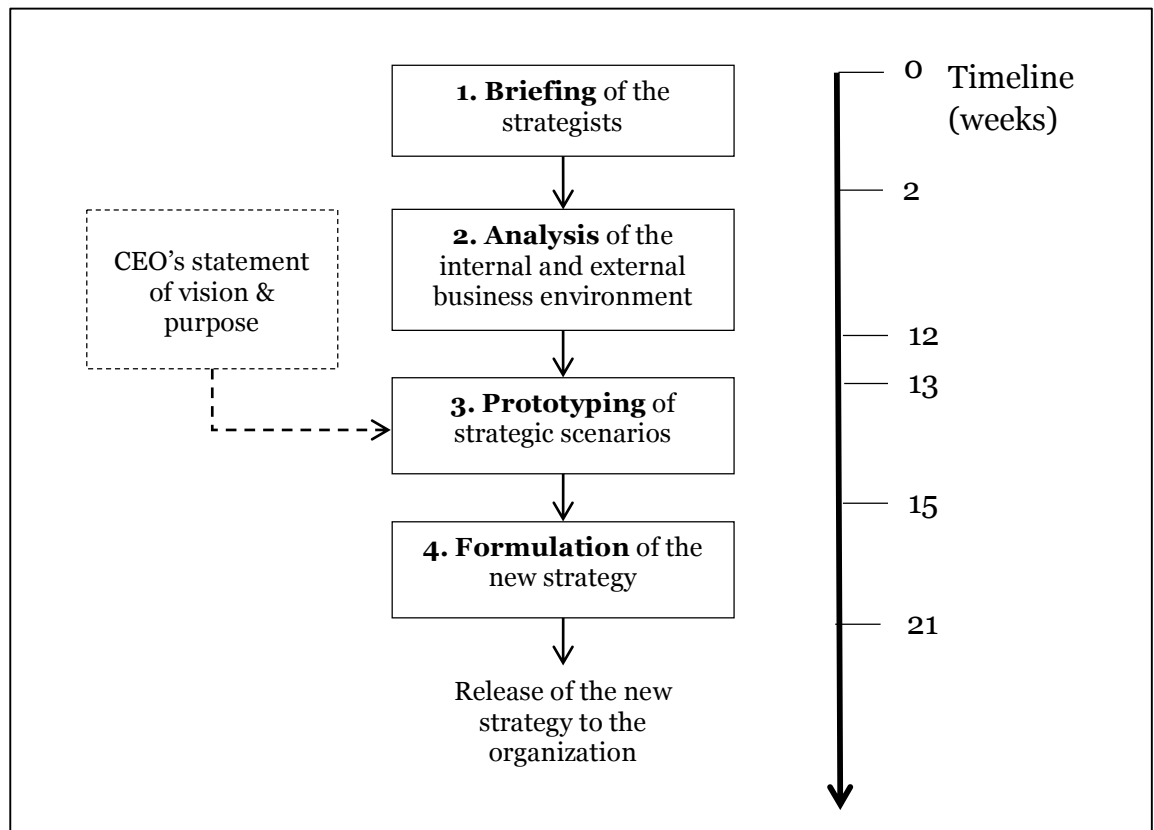


Figure 8. Initial outline of the strategy formulation process, indicating its four major stages and timeline

In each stage, one or more workshops or meetings were organized. Workshops were used for more creative activities, while meetings were intended for discussion and decision making. The meetings and workshops for each stage were planned at the start of that stage, one stage at a time, and plans could be changed during the stage if necessary. All strategists had to attend all workshops and meetings. The practical organization and facilitation of the workshops was done by the coordinators.

4.2 The briefing stage

The aim of the briefing was to introduce the objectives and the outline of the renewal project to the strategists, before the actual start of the project.

Two separate two-hour briefings were organized and facilitated by the coordinators since there was no time slot available that suited all strategists. During the briefing, the coordinators presented the scope of the strategy renewal project, its timeline and the practical organization and gave an overview of some strategy-related concepts and topics¹ that were deemed essential to know about. Attendees could freely raise comments on any of the subjects.

In both briefings, the discussion was rather fragmented, with the strategists commenting on many topics, without entering in a structured discussion. Several strategists used the situation to express their individual dissatisfaction or worries about existing issues.

4.2.1 Building consensus about the scope and approach of the strategy renewal

The kind of topics that were discussed differed between the two briefings. The four strategists that participated in the first briefing brought up topics that were much related to business (competitive) strategy, such as the state of product-market fit, sales strategies and the deployment of resources and capabilities. In linguistic terms, some of the strategists used strategic management terms and concepts on several occasions, however without providing explanations to the other strategists—who not always seemed to understand was meant by these terms. During the second briefing, the strategists used much more plain language.

In both briefings, the strategists brought up many, sometimes unrelated, topics that were related to their organizational function, in a fast pace. The emotions expressed when bringing up these themes – e.g. through speaking in a louder voice, or in an angry tone, sighing, using gestures – were rather negative and indicated that these themes were important to them personally, but that they had caused issues. The wording they used expressed obligation (“we must..”, “we need to..”) and advice (“we should...”). This is demonstrated by the following discussion in the first briefing:

¹ The topics included: Porter’s generic strategies, the resource-based view of strategy, dynamic capabilities, strategy from an innovation perspective, importance of a strategy, vision and purpose

Strategist A: “we need to determine what are our threshold competences and core competences...”

Strategist B (interrupts A): “...and we should start analyses from zero and not again rely on earlier assumptions.”

Strategist C (thinking loud, skeptical): “...can we even grow in a mature market... in fact we don’t really know what is driving our product segments, sales channels and customer segments.”

Strategist A : “yes, we definitely need a sales channel strategy. Should we focus more on direct sales? Or find new partners?... organic growth might not be an option, we probably need new business models. And how about strategic business units?”

Strategist B: “yes, we should study different possible business models, first separately and then maybe combine them.”

The need for a vision and purpose statement to guide the development of the new strategy was as well discussed in the first briefing:

Strategist A: “our main strategy has just been a bunch of financial targets... but what is our real vision and our purpose.”

Strategist B: “The vision and purpose is under consideration by [the CEO].”

Strategist C: “yes, it’s a good idea to define our vision and mission, I mean the vision of the world and the mission of [case company].”

Strategist A: “I think the process of defining vision and mission should be inspiring [for developing the strategy].”

Strategist B: “well, vision and mission are maybe not the words we want to use, but yes they should be the guiding idea during the strategy work.”

During the second briefing, which was attended by the CEO and four other strategists, the comments were more related to corporate aspect of strategy. The amount of comments was much less than in the first briefing. The CEO, who was already familiar with all the material, was keen to make statements on most of the presented material, in an explanatory tone, directed to the four other attendees. Consequently, the other attendees seemed to be cautious, and did not make a lot of comments.

Despite the—sometimes—unstructured discussions, most strategist agreed that the initial briefing had helped to aligned them around the goal of the strategy project. A few strategists, however, had still doubts whether consensus on the goals of the project (which they referred to by the term “alignment”) had been

achieved after the briefing, although they could not explain why. For one strategist, it was “just a feeling that there was no alignment”.

4.2.2 Discussing about the role of the middle management in the strategy formulation process

The strategists also reflected on their role in strategy development versus the role of the operative management members (in the case company also called “middle management”, both terms were used to refer to the same group of persons), and how to involve the operative management team in the strategy formulation process:

Strategist A: “who will the key people to provide the information [i.e. outcome of the analyses]?”

Strategist B: “I think middle management can play a role here, actually if they feel involved it will help with the acceptance of the new strategy.”

Strategist C: “Good point, in fact what will be the role of the [middle] management in the strategy process?”

Strategist A: “They are key in the implementation. They might not be knowledgeable about all aspects of strategy... Should we use the operative management meetings to keep them involved?”

Strategist C: “Yes, than they know what is going on.”

Despite the discussion about the role of the middle management in the strategy formulation and the intention to “keep them involved”, there were no decisions made about to achieve this in practice. The way how the strategists talked about the middle management was worth noting. Some strategists were just promoted from a middle management role while two strategists were still active in a middle management role. Nevertheless, the language that the strategists used in their discourse strongly emphasized the “we” (“strategists”) versus the “they” (non-strategists).

The “operative management meeting” to which the strategists referred in the conversation was a monthly meeting between the top management team (including most strategists) and the operative management team (middle management team). This meeting was set up to exchange information between both management levels, and as now proposed as forum to exchange information about the strategy formulation process. However, during an informal inquiry with some middle management members about the amount

of information they got about the strategy formulation process during the monthly meeting, most middle managers replied that the information they got was very scarce.

4.2.3 The strategists assume that strategic management skills develop through practice

One of the objectives of the briefing was to achieve a common understanding about the strategic management concepts, because not all strategists had earlier experience in strategy development. One strategist explained that in this stage of the strategy formulation process “the level of experience in strategy development was low for some members”. Nevertheless, most strategists were reacting rather skeptical when these strategic management concepts were presented, and some laughed when it was suggested that they could or should “prepare themselves” for the strategy development activities, e.g. by reading certain articles on strategic management. Although most the strategists agreed that the briefing had helped them to understand the strategic concepts that were going to be used during the strategy development, several of them had doubts about the use of such concepts or dismissed them as too theoretical. Some strategists indicated that learning and understanding strategic concepts is more a matter of practice, of "learning by doing". One strategist found that

The [concepts presented in the] briefing was too theoretical ... that is not realistic, it is impossible to get on the same [theoretical, academic] level. The effort to do [background] research [about strategic management] should be [reduced to a] minimum for management team members.

Or, as stated by another strategist: “understanding of strategy concepts comes mostly when using the concepts”.

When reflecting upon the whole strategy formulation process, one strategist, agreed that, while some learning had been achieved through practice, it would have been better if the overall level of strategic management skills had been higher from the start of the process:

[During the briefing] we should have spent more effort on the definition of strategy [concepts]. After the project it was [for many strategists] more clear than at the time of the briefing.

4.3 The analysis stage

The purpose of the analysis stage was to gather and review information about the internal and external business environment. At the time that the analysis stage started, there was little factual information available in the organization about the business environment. There were no processes or systems for systematic information gathering, storing or assessment.

For this reason, a series of six analyses was defined for assessing the firm's internal and external environment. The three external analyses were: environmental, industry and competitor analysis. The three internal analyses were: supply chain, capability and category maturity analysis. The coordinators decided on the preferred approach for each analysis, which was based either on common practices, models retrieved from strategic management literature or a combination of both. Except for the capability analysis, all analyses were carried out by dedicated workgroups that consisted for the most parts of middle management team members and experts (e.g. sales managers, R&D managers, production planners), although the CEO participated in two analysis activities. The coordinators assigned the workgroup participants based on their function and/or experience relevant to the analysis to be done. Each coordinator participated in two or three analysis teams as facilitator or observer. Each of the workgroups convened three to five times during the four-week period of the analysis. Members who were located at offices abroad participated virtually via web-conferencing.

The strategists insisted on taking the lead in the capability analysis, which was facilitated by a researcher from a local university², and to which also a few middle managers were invited.

The objective, approach, participants and outcomes of each analysis are summarized in Table 3. The researcher participated as observer in the competitor and capability analyses activities. The outcomes of the other analyses were reported to the researcher by the coordinators who had facilitated the analysis activities.

² The strategists preferred to use a method for capability analysis that had been developed by a local university. Since the method was new, the researchers who had developed the method suggested to facilitate the analysis activity at the case company to make sure that the method was used as intended.

Table 3. Summary of the analysis activities: objective, approach, outcomes and main observations of the analysis processes

Analysis	Objective	Approach / Method	Functions represented (number of participants)	Outcomes of the analysis and observations about the analysis process
Competitor analysis	Define the principal competitors and assess their strategic behavior	Competitor Analysis (Fleischer & Bensoussan, 2003, 144-161)	Sales & Marketing management, Product Management (12)	Few substantial data were gathered. Most sales managers had no comprehensive understanding of the competitive environment; some were reluctant to share information, or the information was biased and sometimes contradictory. Focus was on comparing competitors' product portfolios. Failed to assess competitors' strategic behavior due to lack of consistent information.
Industry analysis	Define the trends and the dynamics of competition of the industry in which the firm operates	Formal Discourse	CEO, R&D management, business development (4)	Succeeded in pointing out major trends in the industry, but failed to assess their impact (positive or negative) on the firm's business. Failed to provide understanding about the dynamics of competition.
Environmental analysis	Assessment of major social, technological, economical, environment and political trends	STEEP Analysis (Fleischer & Bensoussan, 2003, 269-283)	CEO, R&D management (3)	Allowed building three thematic scenarios and assessing their impact on the firm's business operations. Outcomes were for the most part based on high-level assumptions, less on factual data. Used very narrow set of data sources.
Capability analysis	Appraisal of capabilities vs. their strategic importance	Strategic capability index (Halme et al. 2015)	7 teams, each consisting of 2-3 strategists and 1-2 middle management member	Assessment of 700+ statements about seven areas of organizational capabilities. Strategists assessed the capabilities under their responsibility and had limited knowledge of benchmark capability levels in the industry, which affected the accuracy of the ratings.
Category maturity analysis	Assess technological maturity of the firm's extant and planned offering portfolio	Category Maturity Life-Cycle Analysis (Moore 2008, 13-19, 192-196)	R&D management, business development (3)	Analysis succeeded in determining the technological maturity of the case company's products and services, and in identifying emerging technologies. The results of the analysis were however difficult to interpret and the rationale used for categorizing the products and services was not fully clear for outsiders.
Supply chain analysis	Understand the strategic role of supply chain partners	Formal Discourse	business development, Supply chain management (3)	The analysis described extant strategic partnerships along the supply chain, and offered some possibilities for improvement. Nevertheless, the analysis remained on a rather abstract level.

When all the analysis activities were done, a two-day off-site workshop was set up to review the outcome of the analyses (first day) and use the information for creating prototype strategic scenarios (second day, see 4.4). Each coordinator presented the reviews of the analysis he had facilitated to the strategists. A half hour slot was foreseen for each presentation.

4.3.1 Managing knowledge in the organization

All strategists agreed that the analysis stage had been a required step in the strategy renewal process. The capability analysis and competitor analysis were by far considered as the most important of the six analyses, not only in the current strategy renewal process, but also for strategy renewal processes in general.

Most strategists acknowledged that the analyses had provided them with new insights, that is, had revealed information or knowledge that had previously been unknown to them individually. One strategist summarized that “the analyses had opened many eyes”. Beside lack of information, the analysis activities had facilitated the sharing of information, which was a persistent issue in the case company’s organization. For instance, sales managers were known to have a lot of information about competitors, but were not always willing to share it. As one strategist told: “so far, competitor information was mostly in the head of [the sales] crew, now it was for the first time converted into shared knowledge”. Moreover, according one strategist, the analysis had also helped to correct biased information:

Most of the analyses improved our knowledge level and [doing the analyses] helped to create a common base of information, so there is less bias of personal opinions.

Despite being positive about the analysis as activity, the strategists were confronted with several issues during the review of the analysis results.

A first issue was that even after eight weeks of analysis there were still many missing answers. Nevertheless, the strategist agreed that despite the two months of analysis work it wouldn’t have been feasible to gather more data, considering the available resources and the fact that “[the analyses] had to start from scratch”, because this was the first time that systematic analyses had been performed by the organization. The second issue was that the

information that had been collected was not always conclusive answers and some information had even been contradictory.

The question was how to cope with these deficiencies. One option was to continue to gather information, in order to find more and better information. For instance, the strategists decided that the competitor analysis was to be continued, because there was too much lack of information, but then immediately disagreed about the desired level of completeness of the analyses. Some strategists told that more in-depth information was required for the strategy development, while other found that there would never be enough information and that it was a matter of using the information that was available in the right manner. This led to a next discussion, namely what to do with the data, if data would become available. As one strategist said: “[before demanding more data] we should know better what we want to achieve with data” or, as another strategist told: “we should first [first] learn how to turn the result of all these analyses into action”.

Most of the analyses had been carried out by middle management members, while only the capability analysis had been mainly led by the strategists. The strategists had only briefly reviewed the results of the analysis conducted by the operative managers but had not discussed the results with the middle management members. Some strategists felt that it would have been better if both groups would have more closely interacted during the analysis, because any new knowledge was important for all of them: “if [the strategy team members] would have participated in [all] the analyses, even partly, than we would have created a shared opinion [about the results of the analysis and their interpretation]”.

Several strategists acknowledged that the analysis practice had been new to them, and that the lack of experience may have hindered the practice. As one strategist said: “the analysis stage was a kind of learning for [us] all, we were not prepared for this kind of work”.

4.3.2 Strategists’ struggle to assess the organizational capabilities

As explained above, the gathering of data had been mainly the task of groups of middle managers. However, the strategists had insisted in taking the lead in

the data gathering about the organizational capabilities, and thus were the main assessors in that activity. This allowed observing how the strategists engaged in analysis activities. As indicated in Table 3, one of the concerns observed during the analysis activity was that some participants tended to discount deficiencies in specific capabilities that were under their respective responsibility (for instance, because they anticipated improvements), and thus rated the capability as if the improvement had already been successfully realized. Secondly, the purpose was to rate the capabilities against industry benchmark levels. However, the lack of knowledge about benchmark levels caused additional confusion during the evaluation.

Strategist A (addresses strategist B in a mocking voice): “Oh, are you sure about [capability X], I don’t see where that number [a rating 4 out of 5] comes from.”

Strategist B (slightly embarrassed): “Well, we are doing a lot to improve this, and we have made already a lot of progress.”

Strategist A (cynical): “Oh, so you have been giving ratings for [the level] you expect to reach, I thought we would rate today’s situation.”

Strategist C (to strategist B): “How far is that [i.e. actual level of capability X] from the rating you gave?”

Strategist B: “Maybe... I would say maybe a 2 but I believe we get it soon to a 4... that is why I gave it a 4...”

Strategist A: “Yes, but we are talking about today...I think it is not much more than a 2... if I see what happened when [gives some example of a recent event to demonstrate that capability X has issues].”

Strategist C: “2 3 or 4... what level should it be, do we know how others [competitors] are doing on this? I mean, maybe a 2 can be ok if the [competition] is on a level 1.”

Strategist A: “If you ask me I think we are anyhow better than the competition.”

Strategist B: “so what is it now, do we give then 3 because we are better than the rest?”

In many case a kind of compromise about the rating levels was negotiated between the strategists. The lack of knowledge about reference capability levels in the industry caused that the results of the capability analysis showed

the relative level of the capabilities within the company, rather than measuring them against industry or competitor capability benchmarks.

4.4 The prototyping stage

The purpose of the prototype stage was to brainstorm about potential strategic scenarios—which the strategists called “strategy prototypes”—by using the findings of the analyses. Furthermore, as explained in chapter 4.1, the initial plan foresaw that the CEO would “inject” the vision and purpose statements at this moment, since these were to act both as guidance and as a boundary frame for exploring strategy prototypes.

The prototype stage started right after the analysis review, during the second half of the first off-site workshop day.

4.4.1 The exploration of new strategic options ends up in familiar strategic territory

At the start of the workshops the CEO told the group that he was “not yet ready with the vision and purpose statements” and asked them to proceed without the statements, adding that, in his opinion, it might even be better not having any statements in order not to limit their imagination and creativity. This caused a “chicken-or-egg“-discussion within the group: should vision and purpose guide the prototypes building or vice-versa? The CEO interrupted the discussion and urged to proceed with the prototypes; the vision and purpose statements was going to be handled later, end of discussion.

The strategists were given fifteen minutes’ time for individual ideation about feasible prototypes, and were asked to write them down on a piece of paper. There was no limit set on the number of prototypes that could be given and the CEO requested that the strategy team members would “think out of the box”, and use the opportunity for exploring also substantially new prototypes.

Next, each strategist presented his prototypes to the group and shortly explained the ideas behind it. The strategists were asked to refrain from immediate commenting to avoid premature judgments that might obstruct the flow of ideas.

The nine team members proposed twenty-one scenarios in total. The number of strategy prototypes that were proposed varied per strategist between one and three. One of the strategists who had only one scenario admitted later that he “didn't really get new ideas”.

Most prototypes were very similar or had some overlap, and there weren't many radically novel prototypes. This caused frustration with a few strategists, who felt that it was a missed opportunity for conceiving new strategic options. As one strategist commented: “it was a good exercise although the outcome did not give radically new input”

While the strategists took a break, the two coordinators categorized the twenty-one strategy prototypes along four dimensions: the primary value proposition, the dominant business logic, the core offering and target customer groups. This allowed reducing the number of prototypes from twenty-one to seven, sufficiently distinct, prototypes. The strategists shortly reviewed the seven final prototypes and gave them a name, according a spontaneous naming convention in the format “selling (product) X to (customer group) Y”.

At this point the workshop came to an end, and the entire group left for a team dinner, which was hosted by the CEO as to end the intensive day “in a good spirit”. There had been a lot of discussions during the day, which nevertheless had proceeded in a mostly constructive way, and without any signs of any personal conflicts. The strategists appeared to be glad that the day was over. During the dinner, some strategists brought up the prototypes, but apparently, most of the strategists didn't want to talk about it anymore, and one said to “just leave it for tomorrow”.

During the next workshop-day, the objective was to conceive a business model for each of the strategy prototypes. The strategists were divided into four groups and each group was given the task to create a business model for one or two scenarios, using the “business model canvas” method conceived by Osterwalder & Pigneur (2010). The teams were given two and a half hour to complete this task, while the coordinators switched between the teams to support.

The activity didn't succeed very well. Several strategists experienced difficulties in creating the canvases. Especially the definition of value proposition and revenue streams appeared demanding. One explanation for the difficulties was that a few members were not entirely familiar with the business canvas creation method. As one strategist said: "Maybe we would have achieved more if the [canvas] tool was more familiar to the whole team". The other reason appeared to be that many strategist, when looking at the strategy prototypes, were "blinded" because of the naming convention for the scenarios. Confronted with the "selling X to Y" names, the strategists took X (a product) and Y (a target customer group) as reference for building the business models. However, most "X's" in the scenarios were products that were currently offered, and most "Y's" were the usual customer groups. As such, many strategist constructed business models based on the assumption that "X" could be sold to "Y", without questioning whether the "X"s (products) and "Y"s (customer groups) and the relation between both were still strategically valid options, let alone, that they would continue to be so in the future.

After the brainstorming activity, each team presented its business model to the entire group of strategists, who reviewed and discussed it.

None of the strategists attempted to challenge the product-customer assumptions, but rather accepted that the products and target customers to which the strategy prototypes referred were de facto justifiable. Therefore, the business canvas models were in some sense an ex post justification of the prototypes, rather than a way of questioning their intrinsic validity, which could help to dispose of the ones that proved to be unfeasible or unsuitable. The consequence was that the strategy prototypes were mostly variations of the current business strategy, but not new alternatives. One strategist, new to the company, was not entirely satisfied with this result, and told the others that "we didn't come up with anything new". However, the other strategists dismissed his critique and thought the result was "good enough" and even "better than expected".

The workshop ended with the seven strategy prototypes and the accompanying business models as outcome. These would be used as input for formulating the

final strategy. Nevertheless, the group was divided about the results of the prototyping activity. Despite the intention to use the results of the analysis stage as input for the prototyping, some strategists found that this had not been the case. “We didn't really consider the results of the analysis when evaluating the prototypes”

According to some strategists, one of the difficulties was that not all strategists in the group were capable of exploring new alternatives:

Participants were not fully engaged when evaluating the prototypes, they were kind of stuck with the current situation. We should have thrown 'crazy ideas' to get something really new. Still many prototypes were too much what we're doing now... The question is how people could let go of the current situation, their current position and responsibilities.

One strategist found that there had been a lack of commitment to make changes:

We were not really making decisions to make a radical move, we didn't really try.

Another strategist, however, thought that making such radical changes would not be realistic:

We were not really able to take a new angle into the strategy, [but] on the other hand this might not be necessary because we cannot not make too drastic changes in one step.

4.4.2 Was the approach for strategy prototyping the right one?

Although the outcome of the prototyping activity did not fully meet the strategists' expectations, most strategists thought the approach for the prototyping activity was good. One of them mentioned that:

It was good to analyse very 'black and white' strategic options. Looking at 'black and white' solutions helped to focus and evaluate real strategic options.

For some strategists, it had been too much, too fast: “We did the prototyping quite fast because we were under pressure of the deadline”, “The prototypes were not evaluated in enough detail because of lack of time and energy...some prototypes were promoted too fast”.

One strategist, however, found that it would have been better to split the prototyping activity between “ideation” and “discussion” activities, and conduct them separately. Another strategist thought that the prototyping would have gone better “if there would be an external facilitator [meaning, from another function within the organization] ... because we are sometimes so deep into our current business that it is hard to let go of it”.

One strategist found that the prototyping didn't go as expected because not everyone was familiar with the activity:

Prototyping is the basis of good strategy work, but we spent more time on learning about prototyping than on creating prototypes.

As mentioned earlier, also the business canvas modelling activity had been problematic because not all strategists were familiar with the method.

4.4.3 The strategists have difficulties to let go of operative matters

At the start of every workshop, the strategists were asked to not to use their mobile phone and laptop in order to focus on the activities or discussions and avoid disturbances. Regular breaks were scheduled to give the strategists the chance to make a call or check their mail. Nevertheless, on many occasions some of the strategists were—to various extents—handling e-mails or left the room to make a call. When asking what they were doing, it became clear that they were taking care of operative matters. This behavior sometimes hindered the progress of the workshops, for example, when a member was missing during a group task because he had to “make an urgent call”. The behavior got worse as the workshops proceeded and it caused some annoyance with those strategists who wanted to fully focus on the activities. However, one strategist found that is normal to take care of those matters because one “can't be supposed to be ‘unreachable’ for such a long time” (in this case, the duration of a normal work day).

One of the strategist thought this behavior had much to do with the fact that several strategists were only recently promoted from an operative (middle management) role to a top management role: “the team was new and many were still too much involved in operative matters. They should learn how to delegate those matters to their teams.”

4.5 The formulation stage

4.5.1 Strategizing fatigue and the lack of decision making

The purpose of the formulation stage was to finalize the new strategy. This was to be achieved through two activities. First the number of strategic prototypes had to be narrowed down to about five; next, these remaining prototypes (or elements thereof) were to be consolidated into a single, new, strategy. The major elements of the new strategy were then to be elaborated and consolidated in a strategy document that could be released and communicated to the organization.

The first workshop in the formulation stage started with a discussion about the business strategies for the business units, which went back and forth between the following topics:

- How to develop the product offering,
- What is the most favourable relation with business partners,
- What is the optimal degree of vertical value chain integration,
- What are the preferred sales channels,
- How to define pricing models,
- Which are the revenue models to consider.

The discussion went in circles and did not spur convergence towards a common viewpoint on these themes. This caused some resentment within the group. Some strategists told “they were getting tired of this” or wondered whether “someone knew where this will end”. Ultimately, no decisions were made and many strategists got concerned about the timely progress of the project. It was now clear that the envisioned deadline would not be met. The CEO, then, proposed to extend the deadline by two months, a proposal that required board approval.

In preparation for asking board approval, the CEO and the coordinators worked out a plan for the remaining activities and their participants. The activities that were proposed are listed in Table 4.

Table 4. List of remaining activities to be completed during the extended time period of the formulation stage, as proposed to the Board of Directors

Activity	Objective	Participants
1. Define vision and purpose	Define vision and purpose statements, because these will help to define the content of the strategy	CEO, coordinators
2. Create the outline of the strategy document	Make a clear listing of all the topics that need to be addressed in the strategy document and define a logical order in which they need to be addressed	Strategists (off-site)
3. Create business strategies	Define which type of solutions (products and services) that will be developed and commercialized during the next three years, and which technologies will be core to these solutions. Define marketing and sales approach	Strategists, coordinators
4. Create the final strategy document	Create the written strategy document which will be used to communicate the strategy to the organization and initiate implementation	Coordinators
5. Board approval of the strategy document	Get board approval to release the strategy to the entire organization	CEO, Board of Directors

Two weeks later, during the next board meeting, the board approved the plan, but demanded a strong commitment from the strategy team to have the strategy formulation ready by the new deadline.

4.5.2 The refusal to make trade-offs

An important topic, related to the definition of the business strategies, was the definition of “trade-offs”³, that is, certain product offerings, customer groups or sales channels. The coordinators had emphasized the importance of defining clear trade-offs, because in recent years the case company had taken on certain projects that not fully matched its capabilities, sometimes resulting in substantial financial repercussions.

Despite stressing the importance of determining the trade-offs, deciding on the actual trade-offs turned out to be more difficult than expected. Several

³ The concept of trade-offs is proposed by Porter (2008, 115-116)

obvious trade-offs were proposed, but there was a strong hesitation to make bolder statements and the few real attempts made by some strategy team members were often immediately rebuked by others with the arguments that the proposed trade-offs “would hurt the business”. As a result, no substantial trade-offs were defined, and one strategist silenced the entire discussion by stating that “by defining precisely what we *will offer*, and to whom, we also define *what not to offer*” (emphasis added). This statement appeared to satisfy the other strategy team members, and the discussion about trade-offs was ended.

4.5.3 Spending a weekend out of town—“members only”

The CEO had proposed to organize one of the formulation workshops during a weekend at a resort in the region. The CEO mentioned that “it would be good to spend time away from office”. Only the strategists were invited to the workshop. Since the researcher was not able to participate in this workshop, there is no observational data about it. Nevertheless, an informal inquiry learnt that the team had found agreement on the outline and content of the strategy document, but had also discussed other organizational topics, not directly related to the strategy. Furthermore, some participants of the off-site workshop commented that it had been “good to be away from office with only the [strategists]”, because it had allowed them to focus more on the tasks at hand than when being in the office the weekend: “being off-site was very efficient, people get less distracted by phone or mail, this could have been done more often”. Although not confirmed, the away-days appeared to have had a kind of team-building effect within the group. The outline for the strategy document that was decided upon during the away-days consisted of six sections with a specific content, as shown in Table 5.

No explicit distinction had been made between the corporate and the business strategic content of the strategy, but the strategists’ assumption was that the section on “vision and purpose” was considered as addressing the corporate strategy aspect while the other sections focused on the business strategy aspect.

Table 5. Outline of the new strategy document

Sections	Content
1. Vision and Purpose	<ul style="list-style-type: none"> • Vision statement • Purpose statement
2. Markets	<ul style="list-style-type: none"> • Geographical indication of primary and secondary sales markets • Main competitors in various geographic areas
3. Offerings	<ul style="list-style-type: none"> • Definition of customer segments, according type of customer and main value proposition • Description of the offering portfolio for each segment
4. Sales & Marketing	<ul style="list-style-type: none"> • Description of sales and marketing approach for each segment
5. Innovation	<ul style="list-style-type: none"> • Technology roadmap • Solution development roadmap for each business unit
6. Strategic capabilities	<ul style="list-style-type: none"> • Targets for strategic capability development

4.5.4 Making strategic choices: what comes first, existing products or future customers?

As explained in 4.5.1, the first workshop about business strategies had ended without any clear decision. During the second attempt, the strategists agreed that the four topics to discuss were: markets, offerings, sales & marketing and innovation.

The discussion started well, and several decisions were made, but the discussion about the segmentation (part of offerings) and solution development roadmaps (part of innovation) was problematic. The first question was what had to come first: customer segmentation (the grouping of target customer groups that shared common characteristics) or the solution development roadmaps (the plan for products and services to be developed and commercialized in the next years). Customer segmentation was new to the case company, and the strategists had little experience with the concept of customer segmentation. Some strategists argued that customer segments were to be defined first, in order to determine which products and services had to be developed and commercialized. As one strategist said: “The customer is the focal point in our strategy, this is a must for any strategy”. Others gave as counterargument that they had to start from the products because products

“are something what we have”, which “would not change overnight”, while customer segmentation “was something new” and thus it would be logical to “start with what we have and [then] adapt the rest [i.e. segments] to that”. This caused some discussion until the CEO suggested to split the group and work on both tasks in parallel: the sales and marketing oriented strategists were to work on segmentation because they were most knowledgeable about customers and the three business unit executives would separately work on the roadmaps of their respective product line, because they were most knowledgeable about development and commercialization plans.

4.5.5 The power play between strategists triggers discussion about the business strategy, but ends up in disarray

Upon completion of the group work, the CEO requested that, first, each business unit executive briefly presented his roadmap. While not intended, each business unit executive started to pitch the (strategic) importance of his own business unit to the rest of the strategists. For instance, one point of discussion was the strategic importance of traditional products that had been the cornerstone of the company for decades versus the importance of new type of solutions (e.g. more service based) that were still in their infancy but might lead the company to future successes.

Strategist A: “I think we need to put more effort on these [traditional products], we know they bring revenue... they have been doing so for decades.”

Strategists B: “... But that was the past, why should we assume it will remain like that... and...well, you can't say that sales [of the traditional products] has been that great recently.”

Strategist A: “Nothing has been selling well recently, the economy is what it is, but at least we know [these traditional products] have potential, they always had, but do you think [the suggested new products of the other business unit] will do better? That remains to be seen... and even if so, it will take time [to increase sales of the new products] and until then we need to get revenues from something.”

Strategist C (to strategist A): “... what you talk about is ‘blast of the past’... we can't just wait and wait and assume that [the traditional products promoted by strategist A] will be selling forever like they did in the past, we need to think what customers want in five years from now.”

As such, one could observe a kind of competition between the business unit executives during the presentation, and the atmosphere in the room was slightly nervous. This was the first time there was a sense of conflict between several strategists, during which that tangible aspects of the business strategy were actively discussed. Some strategists welcomed the discussion, as one said: “although there was a lot of struggling, I liked the fact that there was lots of discussion”. Most other strategists, however, refrained from engaging in the discussion—which then lost its momentum—and several attendees expressed their eagerness to “just get it over with”. Therefore, despite the discussions, the roadmaps were approved as they had been presented. This caused dissatisfaction with some strategists who found that “the roadmaps were not sufficiently elaborated” and that “roadmaps were not addressed properly”. Later, one of the strategists told in hindsight that “the roadmaps... remained too vague, too brief...this is the area in the strategy formulation that is the weakest” while another found that the discussion about the roadmaps had been productive but had not been brought to a proper end:

The shortcoming in the strategy is mainly related to the roadmaps, which are too superficial. They would need more clarity and focus, linking them to segments... The reason for this is that the results of the discussions were not clearly depicted.

Many strategists agreed that at this point the formulation of the business strategies had stalled. With no time left, the content of the business strategies was wrapped up hastily, often by just bringing in common elements from the existing strategies. As one strategist said:

Novel solutions were much discussed in the start of the strategy project but they were not further elaborated enough and neither translated into real new business opportunities, this was a fundamental miss in a crucial stage of the company [...] we didn't depart drastically from the existing business strategies, we were just under pressure to get the strategy out.

or as was told by another strategist:

During the formulation stage the strategy process jump in fast forward, which left some gaps, some items were left unaddressed, for instance business line strategies.

According one strategist the result was that “the [new] strategy still does not give sufficient direction, especially for the business units, what are they supposed to do and what not?”

4.5.6 Vision & purpose statements again postponed

According the new plan, the first topic to address in the formulation stage had been, once again, the vision and purpose statement. As mentioned earlier, it had been the CEO’s task to define the vision and purpose statement at the very beginning of the strategy process, but so far, he had been reluctant to do so.

To the surprise of the coordinators, the CEO was again not eager to make any statement at the start of the formulation stage. His comment was that “I have something in my mind for a while, but I feel I cannot decide this just by myself”. The coordinators reminded the CEO of the fact that this activity had been on the table for a while now, and stressed its importance because vision and purpose statements had been supposed to guide the prototyping and formulation stage. The CEO, however, refused to give in, and requested to make the vision and purpose definition a task of all the strategists.

The issue of the missing vision and purpose statement was raised during every meeting in the formulation stage, but every time the CEO requested its postponement. Ultimately it was only in one of the last meetings of the formulation stage that the vision and purpose statement got defined. The initiative did not come from the CEO but from one strategists who brought up the issue of the missing vision and purpose statement. The strategist presented his personal idea what do the case company’s vision and purpose might be. This triggered a positive response of the other team members. The coordinators decided to take advantage of the momentum within the group to propose an exercise to define the vision and purpose. The strategists were asked to individually reflect on a vision and purpose statement for 15 minutes, after which each member presented what he had come up with. It turned out that the individual concepts of vision and purpose of the strategists were well aligned with each other. As a result, the vision and purpose statements could be finalized with full consent of all strategists. The vision statement called for deploying advanced technology as a differentiating factor. Although this had been a tacit assumption throughout the renewal process (technology had

traditionally been regarded as the differentiator factor in the company's offering), it turned the assumption now into a fact.

The strategists had different opinions about the consequences of postponing the vision and purpose statements until the very end of the formulation process. Most strategists didn't see it as too much of an issue. One strategist believed that there had been tacit consensus about the vision and purpose of the case company throughout the process: "Vision and purpose could have come earlier, but there was a kind of tacit consensus during the process, so it might not matter that much". One strategist, however, disagreed. He found that having an explicit vision and purpose statement earlier in the process, as was planned, would have guided the process of formulation the strategy much better: "...we failed in the formulation of vision, and purpose although these affect all aspects of the way we want to do business".

4.5.7 Wrapping it all up: releasing the new strategy

With the business strategies defined and the vision and purpose statement addressing the corporate strategy aspect of the strategy, the one remaining topic was the plan for developing strategic capabilities. No separate discussion was held to discuss the strategic capabilities because the strategist told found that this had been sufficiently discussed during the analysis of the capabilities.

The strategists agreed that all elements for the new strategy were clearly enough defined and that the strategy document could be compiled by the coordinators. When the draft document was ready, it was reviewed by the strategists, who suggested a few stylistic improvements but approved the content. Next, the CEO presented the strategy document to the board of directors, who approved the document for release to the organization and asked to plan for the next activity: implementation of the new strategy.

4.6 Reflection on the strategy formulation process in its entirety

During the interviews, the strategists commented on the entire process as well.

4.6.1 The importance of group cohesion

Some strategists indicated that group cohesion—which they often called “being aligned”, or achieving “alignment”—had been important throughout the process

...there was a lot of emphasis on creating alignment.

Strategy is much about building a common view, combining one's own and that of others.

It must be noted here that in the very beginning of the formulation process the strategists used the term “alignment” as synonym for “consensus”. For instance, in the briefing stage (see 4.2.1) “alignment” meant “consensus in the group about the scope and outline of the strategy renewal project”. Later in the process, however, the strategists used the term “alignment” to refer to “group cohesion”, in the sense of “having a bond between strategist, being united as a team of strategists”.

Some strategists considered group cohesion to be more important than achieving results:

Personally, I feel that not only the result counts but also the process because alignment and standing together behind the strategy is important.

The outcome of some meetings and workshops was a bit disappointing but still it progressed towards alignment.

The process improved the group dynamics [between the strategists].

On the other hand, some found that alignment may have hindered decision making:

... we kept going in circles about the same subject without proceeding, probably because we wanted to get aligned before to move on...

4.6.2 The need for involvement of the middle management and the Board of Directors

Despite the initial intentions to systematically involve the middle management in the strategy process (see for example 4.2.2), actual involvement was much limited to the analysis stage, when several middle level managers contributed

to the analysis activities. Several strategists thought that involvement of the middle management could have been stronger, as one strategist explained:

The middle management was involved in the analysis stage, but should have been also involved in the prototyping stage. We planned to have interaction during the process, but in the end, each of us decided for himself how much was communicated about the strategy process with his [middle management team] members, and some... did not really discuss with their members.

One strategist thought lack of involvement could have repercussions for implementation of the strategy: “the middle management could have been involved more, especially for creating commitment during later implementation.”

On the other hand, some strategist thought that more involvement would make the strategy formulation process less efficient: “maybe we should have involved the middle management more but then again, too much involvement hinders decision making”.

The involvement of the Board of Directors appeared unclear to most strategists. Many commented that they hadn’t been given a chance to interact with the board directly, since all communications about the strategy process had gone via the CEO:

The CEO had regular checks with the board of directors, but what we heard depended on the CEO, we had no direct communication with the board. I really would have liked to hear feedback from the board in person, have a real discussion, already right in the beginning, to hear what they expected.

Some strategist thought that the involvement of the board could be stronger in strategic development:

The board should have a stronger strategic role, for instance in challenging the assumptions and choices we made long the process, as a kind of sparring partner.

4.6.3 Can strategy formulation and implementation be separated?

Many strategists had doubts whether the new strategy could be realistically implemented, because its implementation had been only marginally considered during the formulation process:

...[another] shortcoming is a plan for implementation. This would have required more discussion, but we ran out of time, and there was a lack of ideas how to step from concept to implementation. It turned out to be more difficult than thought at first.

Some strategists thought the strategy was too abstract, and could be interpreted in many ways, which would hinder its correct and timely implementation.

4.6.4 Time: too much, too less

The strategists had different opinions about the amount of time allocated for the project. Some found that the whole process had taken too long: “The process could be shorter in terms of calendar time.”

For others, however, it was good that the process had been given more time than initially planned:

The outline was quite ambitious [short] in the beginning, but strategy development needs a minimum amount of time. The final timeframe was better and led to a better result.

Some found that the pace was too fast: “We were sometimes in a hurry working towards the final strategy. With nine people, it is not so evident.”

For some the workshops were too long. One strategist commented that:

There is always a limit to the work that can be done productively. For example, 4 to 6 hours is about the limit for a productive day of workshop, although it might not always be feasible as it increases the number of workshops.

In general, however, most strategists were satisfied with the frequency of the meetings and workshops during the strategy formulation process.

4.7 Traits of the content of the newly formulated strategy

The tangible result of the strategy formulation process was the new strategy, which was compiled as a 70-page slide set or “strategy document”, approved by the board of directors, and released to the case company’s organization. As such, the strategy document was the official strategy statement of the case company.

As explained in 3.3.3 the categories for assessing the content of the strategy was defined through document analysis. A review of four literature sources⁴ allowed determining a so-called “theoretical literature case”, that is, a reference case (strategy) that is constructed based on propositions in the selected literature. The actual case—the strategy that was formulated by the case company—can then be compared against the theoretical literature case. This allowed comparing to which extent the proposed traits of corporate and business strategy are present in the actual strategy.

4.7.1 Presence of traits of corporate strategy in the newly formulated strategy

As can be seen in Table 6, the new strategy had almost all the traits of corporate strategy that are proposed by literature, albeit to a varying extent. The vision and purpose statement succeeded well in demonstrating how the case company aims to contribute to the broader society and its role and importance in society.

A major shortcoming was that the strategy did not clearly specify how the case company was intended to evolve from its present state towards the future. Differentiation from competition in the industry was said to be achieved through developing technologically advanced products, but in a technology driven industry this may be a weak argument. Most of the “strategic” choices that were stated were quite commonplace—for instance, improving operational excellence, or achieving sales leadership—and one can doubt what was their strategic value, if any. These “strategic choices” were to be realized through improving certain organizational capabilities. Therefore, the relationship between strategic choices and the organizational capabilities was established. Nevertheless, the target level of the capabilities had no relationship to industry or competitor benchmarks, and it was unclear whether these choices would actually contribute to achieving competitive advantage in the industry.

The remaining traits of corporate strategy were all addressed in the strategy, but were less explicit or only vaguely described. The strategy gave some

⁴ The literature sources are: Hofer & Schendel (1978, 42); Andrews (1987, 27-34); Porter (2008, 115-116) and Rumelt (2012, 11-22), see also 3.4.2

guidance in the form of broad policies, but they were vague and could be interpreted in different ways. Robustness was weak because most statements that were made in the strategy were presented without demonstrating the reasoning behind it.

In summary, for the most part, the corporate strategy content suggested that strategic action would focus on the improvement of internal processes, which was to be achieved through the development of organizational capabilities.

Table 6. Presence of traits in the case company's newly formulated corporate strategy

Traits of corporate strategy proposed by literature	Presence of traits of corporate strategy in the case company's strategy		
	Trait strongly present	Trait weakly present	Trait absent
The strategy explains the firm's relation to society	x		
The strategy outlines the firm's journey from its present state towards the future			x
The strategy supports positive differentiation within the firm's industry		x	
The strategy relates the firm's strategic choices to the firm's capabilities		x	
The strategy provides explicit guidance for the organization		x	
The strategy is robust		x	

4.7.2 Presence of traits of business strategy in the newly formulated strategy

The traits of business strategy were very weakly present in the case company's strategy; three out of four traits were absent. There was a weak indication on how the business units aimed to achieve competitive advantage, but again, it was merely based on statements that were given without proper argumentation.

The strategy gave no indication what were the objectives for the business units, which specific strategic choices they intended to make. Consequently, the relationship between strategic choices and capabilities was as well absent.

There was an assumption that capabilities were a corporate matter, and thus all business units were supposed to benefit equally from the development of companywide organizational capabilities.

No specific business unit policies were defined. In summary, what was considered as “business strategies” was rather a listing of products to be offered for the newly defined customer segments. There was faint indication that each business unit would focus on a specific segment. However, the definition of the business units was based on the products they developed and customers in the various segments often required combination of products from different business units. Therefore, the segmentation raised more questions than it had solved.

Table 7. Presence of traits in the case company's newly formulated business strategy

Traits of business strategy proposed by literature	Presence of traits of a business strategy in the case company's strategy		
	Trait strongly present	Trait weakly present	Trait absent
The strategy defines tangible growth & profit objectives			x
The strategy defines the basis for competitive advantage		x	
The strategy relates the business units' strategic choices to their capabilities			x
The strategy provides specific guidance for the business unit's organization			x

4.7.3 Reflection on the traits of the newly formulated strategy during interviews

During the semi-structured interviews the strategists were asked about the content of the newly formulated strategy.

In general, all strategists were relatively satisfied with the content of the strategy they had formulated, although several interviewees mentioned that there were still shortcomings. One strategist, however, expressed that it is normal to have shortcomings in the strategy content: “this [strategy] is just a foundation, there are still things to develop, which is normal”. Another

strategist commented that “it’s impossible to write down everything but well, the direction is clear, this is strategy”.

Some strategists commented that the content of the new strategy was (too) much focused on the corporate aspects, while the business aspect had deficiencies: “the strategy is OK on a corporate level, but on the business level some items deserve more attention”. This was confirmed by another strategist who said that:

The business [unit] strategies need to be deepened. Now it is not really specific about which industry and market we will focus on. It is too broad and vague.

Another strategist found that the business strategy did not provide real guidance because it lacked clear and measurable objectives: “The [business] strategy would need some traditional target setting, [something] that is measurable”.

Going more in details, some strategists found that, even though the competition had been analysed, it hadn’t been clear what kind of competitive advantage was to be pursued. Two strategist commented that “there is no logical conclusion yet [on how competitive advantage will be achieved]” and that “the strategy doesn’t go deep into what sets us apart from the competition”.

There were no comments related to capabilities, although some strategists pointed out that few attention had been paid to looking for internal synergies between product lines. One strategist mentioned that “the potential for synergies has not really been explored”. Another strategist talked about external synergies in the form of partnerships within the industry: “we need partnerships to make this company a better company, but how [to achieve that]?”.

Some strategists commented that the strategy did not yet gave guidance on strategic response to the external environment: “all opportunities and threats in the industry are not really thought true”. One strategist thought that response was not defined because of lack of understanding of the industry dynamics: “opportunities in the industry may not be well known and understood”.

In hindsight, the CEO told that the board, despite its approval of the new strategy, had commented that “the strategy was too abstract, they expected more tangible actions, and plans how we intended to achieve the strategic objectives”. These items were now to be taken care of (or to be rectified) during the implementation. This was acknowledged by another strategist who told that: “during the implementation we will eventually discover missing items [in the strategy]”.

5 Discussion

5.1 Answering the research question

In this chapter I will answer the research question by firstly providing the answers to the two sub-questions, which then will allow answering the main research question.

5.1.1 Answering the first research sub-question

The first sub-research question is: “Which practices can be distinguished during the strategy formulation process conducted by a newly appointed top management team?” To provide the answer to the first sub-question, the practices are discussed in the order as they occurred during the consecutive stages of the strategy formulation process.

The purpose of the briefing was to inform all the strategists about the scope and the outline of the strategy formulation project. Nevertheless, it appeared that the briefing was not just informative, but also displayed ritualistic elements: in this first meeting of the strategy process, the participants were being acknowledged as “the strategists”, who were to develop the new strategy for the new organization. Since the strategists were part of a newly appointed top management team that could not fall back on a prior proof of strategy-making capability, the strategists apparently attempted to justify their appointment as strategists. For instance, the strategists randomly used strategic management jargon and mentioned articles in business magazines. Building on social identity theory (Ashforth & Mael 1989, 27; Hogg & Terry 2000, 125), the behavior of the strategists indicated that they were going through a process of creating a new social identity as strategist, through a

symbolic discourse in which the new strategists attempted to stereotype themselves as “strategists”. As such they displayed the behavior that they thought is characteristic for a strategist. This might also explain the strategists’ unstructured, fast-paced, discourse—especially in the first briefing—during which they expressed various opinions on how the strategy process should be conducted and which topics should be addressed. The group dynamic bore a lot of similarities with Gersick’s (1988) observations of newly formed teams. Just like the strategists’ in the first briefing, the teams observed by Gersick brought up many unrelated topics and approaches during their first project meeting, despite the clear outline of the meeting: “discussions were more like pinball games than orderly progressions” (ibid., 20). Indeed, the strategists re-acknowledged and re-approved the reasons for the strategy renewal and the approach to achieve it, despite that fact that they had been told that the rationale and approach were already decided and approved by the board, and thus could not be challenged in the briefing.

The presence of the CEO in the second briefing seemed to moderate this kind of behavior, since the participants were more cautious in their discourse. One of the possible explanations might be that participants avoided to be challenged by the CEO, who may have been regarded as the most experienced strategist. Johnson et al. (2010, 1592) use the term “anti-structure” to refer to a temporary state in which hierarchical differences between participants in strategy workshops are leveled out, allowing all members to engage equally and efficiently in the activities unhindered by differences in status. A CEO’s behavior can play an important role in achieving a state of anti-structure in workshops (ibid., 1608). As can be seen, this state of “anti-structure” was not yet achieved in the second briefing. Instead, the CEO tended to manifest himself as the leader in the group, which appeared to limit the other participants’ engagement in the discussion.

In general, the observed group behavior during the briefings was much in line with what Tuckman (1965) describes as the first stage in the formation of new groups, called the “forming” stage. On a group level, the members test each other’s reactions to find out the roles and accepted behavior in the group. On a task level, the emphasis is on “orientation”: the group members try to

understand what determines the task execution, how they will solve the task as a group and which kind of information they need for solving it. (386.) As observed, the individual strategists brought up the themes that they wanted to have addressed during the strategy development and suggested several approaches for conducting the formulation process, and by doing so, probed the viewpoints and reactions of the other strategists. At the same time, a form of “communitas”, i.e. group-level commitment towards the strategy renewal project, was being established (Johnson et al. 2010, 1612).

One particular item that was discussed was the participation of the middle management in the strategy formulation process. Although the strategists did mention that participation of the middle management was important, their discourse indicated that they regarded themselves (“we”) as the “gatekeepers” of the strategy process who were to decide about whom would be allowed (“they”) to participate in the process and to which extent. The kind of discourse was similar to the type of discourse that Mantere and Vaara (2008) defined by “mystification”. “Mystification” tends to prevail in organizations that consider strategy work as the “secretive activity” of a top management that allows only limited participation from other organizational actors and thereby thus obstructs participation. (347.) In that sense, despite the discussion, the real intention of the strategists to involve the middle management in the strategy formulation process appeared to be limited.

The next stage in the strategy formulation process was the analysis stage. Already during the briefing, some strategists had emphasized the need for analysis, but others had expressed doubts about the feasibility to conduct analysis within the given timeframe and with few resources, or even questioned whether the business environment was “analyzable” at all. At the start of the strategy formulation project, the strategists had admitted that they could not gather all the required information about the environment by themselves and had decided to involve middle management members. This was a correct approach, in line with Mintzberg’s (1990) argument that a limited group of executive managers has not the time nor all the skills to perform a sufficiently accurate scan of the firm’s environment and Rindova’s (1999) and Eisenhardt’s (1989) viewpoint that lower layers of management

and experts can contribute to the strategy formation process by bringing in their specific knowledge.

Nevertheless, the strategist did only marginally consider the results of the analysis, despite all the analysis work that was carried out by the middle managers. One reason for doing so might be that the strategists thought that the results had too many flaws or were incomplete and thus were reluctant to use the results. Nevertheless, research indicate that interaction can have benefits for both strategists and middle managers (e.g. Burgelman 1988, Woolridge 2008, Raes et al. 2011), while conflicts between managerial levels may negatively impact strategic change (Floyd & Lane 2000). One might remember that several strategists had themselves been recently working in middle management roles and were only promoted to the top management team just before the start of the strategy renewal project, while two strategists were still in a middle manager role. Therefore, one would have expected that these strategists had a good bond with the middle managers in the organizations and would make use of this bond during the strategy development activities. Such was, however, not the case. Instead, the newly appointed tended to distinguish themselves more and more as a closed team of “strategist” that set itself apart from the “non-strategists” in the organization. This kind of conflict between new and previous roles is common as individuals go through a process of de-identifying themselves with their old role in order to fully adopt their new role (Ashforth & Mael 1989, 31). Furthermore, the mere fact that many new strategists shared the same background with the middle managers may well have intensified the strategists’ desire to distinguish themselves from the middle managers. In that sense, conflict and competition between the in-group of strategists and the out-group of middle managers may even emerge without objective reasons, but just because of the strategists’ desire to profile themselves as a separate entity in the organization. (ibid., 32-33.)

During the review of the analyses, the strategists focused for the most part on the capability analysis, in which they had insisted to be the main evaluators. The assessment of the capability levels had caused difficulties due to the lack of industry benchmarks against which to evaluate. The lack of benchmarks

was related to the fact that the collected information about the competitive environment was incomplete, and might even be flawed. Knott (2015) suggests that proper assessment of strategic resources can indeed be problematic when they are not benchmarked against similar resources in the competitive environment. As noted earlier, there was almost no comprehensive information about competitors' strategic capabilities, although the strategist had acknowledged that this kind of information was crucial for strategy development, at the start of the process. The lack of information and differences in rating practices of the strategists led to moments of conflict between some of the strategists, who criticized each other for giving incorrect ratings.

The fact that conflict arose at this particular moment in the process may be linked to the formation dynamics of this newly appointed group of strategists. In Tuckman's (1965) group development model, the emergence of conflict between group members is typical for the second stage in group formation, referred to as "storming" (386). On a group level, this stage is characterized by conflicts between members, who negotiate with each other in order to find out what others want to get out of the group process, and may resist control of other group members (Buchanan & Huczynski 2004, 305).

Despite the intense discussions about the capability analysis, the strategists acquiesced when confronted with missing and flawed competitor information, and did not consider this as an issue for continuing the strategy process. Nevertheless, one would assume that developing a well-founded, shared, understanding of the external, competitive, environment would be important for this new team of strategists. Each new strategist had joined the top management team with his individual beliefs about the firm's position in the industry, about the strategic stance of competitors and about the competitive dynamics within the industry. Presumably, for many newly appointed strategists these beliefs were influenced by experiences encountered in previous operative roles, and—as Hambrick & Mason (1984) point out—by individual mechanisms of perception and interpretation. Instead of trying to establish a common understanding of the competitive environment, the strategists moved on by relying on their (individual) assumptions about the

environment. As suggested by the concept of sensemaking (Weick et al. 2005, 214), the strategists—who were now confronted with ambiguous information—appeared to be willing to accept plausible explanations over accurate explanations in order to move on with the process. The acceptance of plausibility may also indicate that the group—which had overcome a moment of conflict related to the capability analysis—was now evolving into what Tuckman (1965) calls the “norming” stage, during which group cohesion develops. In this stage, the group is establishing itself an entity. Harmony in the group is very important in this stage and sustained by avoiding conflicts. (386-387.) As such, the strategists may have refrained from engaging in a discussion about the external environment.

In summary, it appears that this stage of the strategy formulation process determined where the focal point of the strategy renewal was to be situated. The internal environment was the most well known to most strategists, since they came out of operational roles and had first-hand access to information about the internal environment. The external environment was, however, more difficult to understand. The strategists had no consistent data to challenge their individual beliefs of the external environment but neither appeared to have no intentions to break the status quo and engage in actively exploring and discussing the external environment. Instead, the strategists appeared to be satisfied with the plausible explanations at hand. As such, practices of information exploitation succeeded in this stage, but practices of information exploration failed. Although extant research has not directly addressed the relationship between cohesion and the balance between explorative and exploitative practices, research by Eisenhardt, Kahwajy and Bourgeois (1997, 58-59) suggests, however, that low-conflict top management teams tend to use less explorative practices, are less aware of their competitive situation or even neglect it, and consequently make less optimal strategic choices while becoming themselves predictable competitors. The reluctance to involve other organizational actors (e.g. middle managers) in explorative tasks may have play a role in this as well. While the strategists’ desire for self-identification may have obstructed involvement of the middle management, the emergence of cohesion in the group may have as well contributed to this. Although no positive relationship is found between intragroup cohesion and

intergroup competition (e.g. competition between strategists and middle managers), research suggest that highly cohesive groups are likely to evaluate members of their own in-group more positively than members of the out-group (e.g. middle managers), and may be less cooperative towards members of the outgroup (Dion 1973, 170-171). Therefore, cohesion development may have further inhibited the participation of the middle management, or for that matter, any group or individual that could contribute to the strategy development.

The prototyping stage had been conceived as the major ideation and experimentation phase in the formulation process. Nevertheless, the strategic scenarios—“prototypes”—that were proposed by the strategists were very conventional scenarios, or scenarios that were common within the industry. Such outcome is not unusual, because in several studies strategists have been seen to narrow down the potential strategic options to those options that are common within their industry (Hodgkinson & Sparrow 2002, 133-136). The strategist also barely used the results of the analysis in the development of the strategic scenarios. In addition, the strategists did not challenge the existing product-market strategy, but rather took it as a reference point to explore alternative business models that could fit in the existing product-market strategy. This appeared to confirm that the focus of the strategists was directed towards the case company’s internal environment.

The fast-paced sequence of activities in the prototyping stage may as well have compromised the outcome. Hodgkinson et al. (1999) advice to foresee time for reflection prior to deciding on strategic alternatives, something that was neglected in the prototyping activity, but which was nevertheless suggested by one of the strategists during his reflection on the prototyping stage.

Furthermore, it appeared that several strategists struggled with performing these creative-explorative practices. As Hodgkinson and Clarke (2007) suggest, the cognitive style of strategists may affect decision making and thus outcomes. In the case company, it may be so that the more analytical inclined strategists were not ideally suitable for this kind of activity which benefits form more intuitively oriented strategists. Analytically oriented strategist may, however, learn to engage in experimentation over time through training and

practice. (248.) In the case company, however, there had not been yet a chance to become trained or gain experience through practice.

The strategists' continuous focus on the internal environment was as well illustrated by their preoccupation with operative matters during the strategy meetings and workshops: making calls, sending e-mails, sometimes in an ostentatious manner. Ansoff (1987) relates management's tendency to prioritize operative matters over strategic matters to its lack in strategic thinking capability, which itself may cause avoidance or postponement of strategic decision making until forced by a certain event.

In summary, although the practice in the prototyping stage was supposed to highly explorative in order to break new strategic ground, it resulted in re-affirming familiar strategic territory. The lack of a guiding vision and purpose statement may have worsened this, and, as suggested by Bass (2007) and Korbi (2015), one can assume that a (good) vision and purpose statement could have provided a kind of aiming point beyond the familiar territory. The presence of a skilled facilitator (e.g. an "external facilitator" as one strategist told in the interview) who would have motivated the strategists to explore new ideas could–maybe–have compensated for the lack of vision and purpose statement. Such was not the case, partly because of the decision to work without consultant and partly because none of the strategists took initiative to challenge the status quo or to motivate the group to look for new strategic options. Although the CEO attempted this at the start by requesting the strategists to "think out of the box", he did not repeat his request when the strategists failed to do so.

Some strategists expressed that they had expected that the board of directors would have provided input in this stage, or would "challenge" the ideas that were on the table. Although advice from the board of directors is found to support strategic decision making (Rindova 1999), there was no evidence that the board of directors had been much involved in the strategy formulation process of the case company up to this point. This was a cause of concern for almost all strategists, who were unaware of what had been discussed between the board and the CEO—or whether there had been any discussions at all—and would have preferred direct interaction with the board members.

In summary, while the prototyping stage was by nature a highly explorative episode, the strategists did not engage in constructive discussions—and conflict—that may have supported the creation of new strategic scenarios. Like the analysis stage, it appeared that the emphasis on group cohesion was still preventing positive conflict, which consequently inhibited the adoption of explorative practices.

At the start of the formulation stage, the strategists were confronted with the fact that no real decisions had been made so far, while time was running out. Consequently, the strategists appeared to re-orientate their initial conception of the strategy formulation process. As noted earlier, during the briefings, the strategists had discussed about which topics had to be addressed in the strategy process and what would be preferred approaches, which was the initial “orientation”. Confronted with a lack of tangible progress at the start of the formulations stage, the strategists seemed to change their conception of what had to be done. Gersick (1988) finds that this tendency for re-orientation—often halfway in the project—is very common in newly formed groups that become aware of imminent deadlines, and calls this phenomenon “transition” (33-34). During these transitions, teams tend to seek new contacts with their “organizational contexts”, usually with the person(s) who had assigned the task (*ibid.*, 28). Such was also the case for the strategists who—through the CEO—contacted the board of directors. Furthermore, just as the teams observed by Gersick, the strategists proceeded to complete the formulation process following the new plan that was agreed during the transition, regardless of what had been discussed in the earlier stages of the process.

Despite the new deadline given by the board, the strategists came still under time pressure to formulate the final strategy. This failure to achieve results appeared to affect the mood in the group and there were (short) moments of conflict. The most explicit conflict emerged between the three business unit executives, who apparently engaged in a direct competition about the strategic importance of their respective business units. Gersick’s findings (1988, 30) suggest that competition between team participants may indeed become relatively common in the stage following transition, as the team, still pressed

by time, becomes focused on accomplishing its assignment and may become less concerned about sustaining harmony in the group. In line with Lewis' (2002, 28) findings, these moments of increased conflict in the group appeared to increase the eagerness to achieve strategic decisions. In this case, the moment of decision-generation conflict may, however, have come too late in the process. Although time pressure and the resulting conflict improved the effectiveness of the strategists for a while, it seemed to be offset by the overarching striving for group cohesion through conflict avoidance. Unlike the teams in Gersick's (1988, 13) study, which were non-permanent, the strategists were to form a permanent team that would continue to exist after the strategy process. This may explain why the pursuit of cohesion remained strong even in the presence of conflict. According Tuckman's (1965) group formation model, the strategists apparently failed to enter the "performing" stage of group development, which is characterized by striving for efficient task-solving and which usually emerges once group-cohesion is firmly established (387). Instead, the strategists appeared to be on a tipping point between falling back to the cohesion stage and moving on to the productive stage. Indeed, several strategists insisted to stop the discussion and "just get over it" while others had welcomed this moment productive discussion.

While the most important practice in the formulations stage was making decisions about the final strategy content, it was observed that the group's decision making was slow and, as several strategists expressed, actual decisions were only made when time ran out. Eisenhardt (1989, 562) links this to deficiencies in the conflict resolution ability, causing decisions to be delayed until forced to do so by external events, which in this case was time pressure. Although Meissner (2014, 117) suggests that cognitive conflict between strategists may enhance decision quality, several strategists indicated that conflicts due to time pressure had sped up decision making, but had also decreased the quality of the decisions. Therefore, the positive relationship between level of conflict and decision quality may be contingent on the conflict resolution ability of the strategists. Conflict resolution ability may have indeed been an issue in this group of new strategists, which—as noted—emphasized group cohesion and therefore avoided conflict. This in turn may have caused poor strategic decision making, since less but biased information was accepted

for decision making without proper discussion, or important information may even have been disregarded. (Eisenhardt, Kahwajy and Bourgeois 1997, 58-59; Whitney & Smith 1983, 174.)

When looking back on the entire strategy formulation process, it appears that the dynamics of group development had an impact on the kind of practices that were employed by the strategists. Firstly, the strategists went through a process of constructing their new social identity as strategists. Intertwined with the process of assuming their new identity as strategists, the newly formed group of strategists went through various stages of group development stages. During the group development process, the development of cohesion appeared to affect several practices. As mentioned earlier, cohesion development is a normal evolutionary stage in the formation process of any new groups, but it is usually followed by a productive, solution-focused, “performing”, stage once cohesion has been firmly established (Tuckman 1965). In the present study, this last stage was, however, not reached.

In this respect, one remaining question is why the group failed to proceed from the “norming” (cohesion development) stage to the “performing” (productive) stage. A possible explanation might be that certain factors in the group or their environment had caused a higher than usual emphasis on group cohesiveness. As suggested by Myers et al. (1995, 21), Finnish top managers tend to emphasize team spirit and consensual decision making more than their European peers. Therefore, it might have been possible that elements of national culture may have increased the significance and importance of achieving group-cohesion with the strategists. Findings of a cross-societal study by Wendt, Euwema and van Emmerik (2009) suggest, however, that national culture does not influence the cohesiveness in work-teams. Instead, supportive leadership behaviour is found to have a positive effect on group cohesion in all cultures. (368.)

Consequently, one may ask whether the CEO had (over-)emphasized group cohesion during the strategy formulation process. As explained in chapter 3.2.2, before the strategy project started, the CEO had decided to let the newly appointed strategists develop the new strategy without consultants because he assumed that it would strengthen them as a team. While the CEO might have

had the goal to establish cohesion in the group, it appeared that the CEO went through a similar process of cohesion development than the other strategists. For instance, at the start of the project, the CEO profiled himself as the leader in the strategy process, as was demonstrated by his discourse during the briefing. It is unlikely that the CEO would consciously display such behaviour if his intention was to actively promote cohesion. On the contrary, the discourse of the CEO in the briefing in fact hindered the emergence of anti-structure (i.e. levelling out hierarchical differences) that could enhance the development of cohesion. However, as the strategy formulation process proceeded, the CEO began to de-emphasize his higher hierarchical role and gradually abandoned his dominant role in the group. His reluctance to singlehandedly impose a vision and purpose statement on the group, as well as his later decision to make it the task of the whole group appear to indicate that the CEO himself had gone through the same stages of group development, including the development of cohesion. At the same time, the CEO may have purposely displayed more supportive behaviour in order to create an atmosphere that favoured the development of cohesion between the strategists. Therefore, the CEO may have facilitated the development of cohesion, but it is unlikely that he has “pushed” the development of cohesion. On the other hand, the fact the CEO gradually “merged” in the group by de-emphasizing his explicit leader role may have had the unintended effect of deteriorating the decision-making ability of the group. The risk of “groupthink” and sub-optimal decision making is more likely to occur in cohesive groups that lack proper decision making procedures, and in which a desire for identification with the group obstructs the endorsement of effective leaders (Hogg & Terry 2000, 129-130).

A last possibility why the strategists did not enter the productive, “performing”, stage may be linked to the total duration of the strategy formulation, and the fact that it was a rather discontinuous process. The strategy formulation was spread out over a seven-month period and consecutive strategy workshops or meetings were sometimes separated by several weeks of group inactivity. Once cohesion was established, there may have been a lack of continuous activity, “momentum”, to support the timely progress toward the performing stage, in which the group would work most

efficiently. Tuckman (1965, 397) suggest that groups with a short life progress faster through the group development stages than groups with a long life. In the case of the strategists, the projected life of the group was in fact infinite—the group would continue to exist after the strategy project was finished—which consequently may have slowed down progression. Furthermore, while the effect of time pressure can apparently be favourable to increase efficacy (Gersick 1988, 30) it appeared to be an issue for the team of strategists, possibly because they were “stuck” in the cohesion development stage. For them, time pressure—and the risk of conflict that came with it—appeared to be above all a threat to cohesion, rather than a stimulus for achieving results.

5.1.2 Answering the second research sub-question

Next the second research question will be answered: What are the traits of the strategy content that is formulated by a newly appointed top management team?

The answer to this research question is provided through document analysis of the newly formulated strategy, which allows evaluating the traits of its content and making a comparison to the traits set forth by literature. The results of the document analysis were complemented by interview data.

The analysis revealed that the content of the newly formulated strategy had deficiencies on both a corporate as business level strategy. The major shortcoming of the strategy on a corporate level was that it fails to specify what the case company’s direction towards the future would be. Furthermore, the strategy was dominated by the intention for internal change, through development of organizational capabilities. These capabilities were, however, not benchmarked against the competitor’s and industry levels. Consequently, the strategic value of these capabilities was questionable, and mostly based on assumptions. The strategy failed to provide to provide guidance on how the firm’s strategic position against the competition or industry was to be developed or sustained. On a business strategy level, the new strategy was substantially flawed. Many of the topics that are expected in a business strategy are missing. As such, the new strategy did not give strategic guidance for the business units.

The strategists acknowledged many of the deficiencies in the interviews. Nevertheless, they did not appear to be worried too much about the consequences, but instead considered the implementation phase that followed after the formulation phase as an opportunity to take care of unfinished matters. The strategy was, however, released in the same form to the entire organization, who would evaluate it on face value and would react upon it based on what they would read (or not read) in the strategy document.

5.1.3 Answering the main research question

The answers to the research sub-questions allows giving the answer to the main research question: What is the relationship between the practices that a newly appointed top management team employs during strategy formulation and the traits of the formulated strategy? The answer is formulated through three propositions.

Firstly, the strategy practices that a newly appointed top management team employs during the strategy formulation appeared to be affected by group formation processes. Two intertwined processes were identified. The first process was the individual team members' construction of a new social identity as "top management team member", after being promoted from a middle management role. The construction of this new social identity reinforced the top management team members' perception of being part of a new, distinct group in the firm. This perception appeared to create a divide with other organizational groups, especially the middle management. The second process that was identified was the group development process. A stage that was of particular interest was the stage in which group cohesion started to develop. Group cohesion is found to reduce intragroup conflict, and this was also observed in the new top management team members, whose members began to avoid conflict in order to sustain unity in the group. Similarly, in the rare cases that conflict emerged, it was quickly mitigated, again due to the intention to sustain cohesion. The consequence was that explorative and ideation practices during the strategy formulation were deteriorating, since these practices usually require the discussion and integration of conflicting viewpoints and opinions. Moreover, the inability to deal constructively with conflict was found to have a negative effect on decision making speed. Along

all stages of the strategy formulation process, decision making was delayed along until forced by imminent deadlines. At those points, decisions were made hastily and crucial information was ignored, leading to inferior decision quality. Consequently, the combination of restricting participation of other organizational actors, the limited use of explorative practices and mediocre decision making practices appeared to affect the traits of the content of corporate and business strategies made by the newly formed top management team. Many traits that are considered essential for corporate and business strategy content were only weakly present or were absent.

Proposition 1: A strategy formulated by a newly appointed top management team may lack essential traits of corporate and business strategy, since the top management team members' identification with the newly formed team may reduce their willingness to involve other organizational actors in the strategy making process and their striving for group cohesion may negatively affect their experimentation and decision making practices.

Secondly, newly appointed top management teams may face challenges when defining the firm's strategic position in the external business environment. In general, new top management team members gradually construct a shared mental model of the business environment through active discussion, exploration and consultation with peers and other organizational actors. The top management team in this study entirely consisted of new members, promoted from middle management roles. As such, they had different perceptions of the external business environment, depending on their previous roles and experience. The new top management member initially acknowledged the need for relevant information about the external environment, and asked the middle management to collect this information. However, once confronted with the results, the top management team rejected and neglected the information. It appeared that the new top management team members, after having acknowledged their new role in the organization, gradually started to reduce the importance of the middle managers in the strategy formulation process. This behaviour was amplified when cohesion developed in the top management team, which simultaneously further decreased the willingness to explore the external business environment. Consequently, the newly formed top management team failed to establish a

valid and accurate group-level mental model of the external environment and instead based itself on unchallenged assumptions. Consequently, the definition of strategic choices about the firm's strategic position in its environment was flawed, and the strategy lacked traits for refining or improving the firm's strategic position against its competitors or within its industry.

Proposition 2a: Members of newly appointed top management teams appear to be less apt to construct a common mental model of the external business environment, as they are reluctant to engage in explorative practices. Therefore, the strategies they formulate may lack the traits that are required for refining or improving the firm's strategic position against its competitors or within its industry.

Thirdly, and related to the second proposition, results of this study suggest that newly appointed strategists which are recently promoted from an operative to a strategic role are more likely to focus their strategic attention towards internal matters. Internal matters are mostly familiar from previous operative roles and therefore may appear to be the first choice to control through strategic action. This may be enhanced by adoption of the new identity of "strategists", which provides the opportunity to (finally) have the ultimate authority to realize the envisioned changes. Top management team members in this study were found to engage in positive conflict only when it concerned internal matters. The lack of understanding of the external business environment, may have shifted the top management team's focus even more on the internal environment. Consequently, the content of the formulated strategy may be dominated by traits that are aimed at achieving strategic renewal through changes in the internal business environment.

Proposition 2b: Newly appointed top management teams that are composed of strategists who have recently been promoted from an operative to a strategic role, may tend to focus their strategic practices on the firm's internal environment. Therefore, the traits of the strategy they formulate are more likely to be dominated by actions for achieving internal strategic change.

These three propositions provide the answer to the main research question.

5.2 Practical implications

The purpose of this study was to establish a relationship between the practices that members of newly appointed top management teams deploy during the formulation of a new strategy and the traits of the strategy that emerged. The findings of the study suggested that members of newly appointed top management teams may not be in a favorable position to handle high-level strategic change programs right after they have been appointed, as it may negatively affect the traits of the strategy they formulate.

The practices of newly appointed strategists appear are impacted by the combined effect of two group development processes that naturally occur when new groups are formed. The first process is the construction of a new social identity as top management member, the second the development of group cohesion within the new top management team. These processes were found to negatively impact explorative practices, decision making practices and intergroup collaboration practices. As a result, the strategies formulated by newly appointed top management teams may lack the essential traits of corporate and business strategy.

Based on the findings in this study, it may be recommended that newly appointed top management teams first take care of establishing themselves as a team before engaging in substantial strategic renewal activities. At the same time, newly appointed top management teams should be careful not isolate themselves, but engage in active collaboration across the organization (and beyond), since participation of other actors in strategy renewal process is likely to be crucial to achieve successful outcomes. The role of the CEO as a supportive but decisive leader appears important for the successful start of a new top management team.

5.3 Assessment of the results in the light of literature

The results of this study confirmed earlier research findings (e.g. Wiersema & Bantel 1992) that short tenure top management teams are less likely to achieve strategic change. The findings of this study may provide new insights in the underlying reasons for this relationship. As demonstrated, theory of group dynamics (Tuckman 1965; Tuckman & Jensen 1977), theory of punctuated

equilibrium (Gersick 1988) and social identity theory (Ashforth & Mael 1989; Dion 1973; Hogg & Terry 2000) proved to be valuable for explaining the behavior that influenced the newly appointed strategists' practices of strategy formulation. The results of this study also supported research findings on strategic decision making (Eisenhardt 1989; Eisenhardt, Kahwajy & Bourgeois 1997).

Furthermore, this empirical study can contribute to the strategy-as-practice framework by providing new insights in the practice of strategy formulation through close observation of practicing strategists and the dynamics of their behavior, through linking strategy-making practices and outcomes, and through paying attention to the social aspect of strategizing (Chia & MacKay 2007; Jarzabkowski and Spee 2009; Jarzabkowski & Whittington 2008; Johnson et al. 2010; Rouleau 2013; Whittington 2006).

5.4 Limitations & future research

As this study is based on a single case, it must be considered as explorative. In this kind of case study, context matters a lot, and even in similar situations certain contextual parameters may affect the applicability of the findings. Further research could seek to validate the propositions in different settings to find out the influence of contextual aspects or alternatively to be able to generalize the findings to a wider range of contexts. For instance, it would be interesting to study how fast other top management teams progress through different stages of group development and what determines their progress through the stages. Although the study has focused primarily on the top management team, further research could consider the perspective of other organizational actors on the strategy process. Finally, this study has looked at only the strategy formulation process, because of the limited amount of time that could be allocated to the study. However, it is obvious that in strategy renewal processes the implementation of the strategy is as crucial as its formulation. Further research could therefore study how implementation is affected by formulation.

6 References

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7 Appendices

Appendix 1. Interview guide

<p>Part 1: STRATEGY FORMULATION PROCESS</p> <p>Interviewer: The purpose of this interview is to reflect on the strategy formulation process. The interview covers three aspects. The first is an evaluation of the different stages in the process, and the activities that were done in each stage. The second aspect is an evaluation of the new strategy and the third aspect is how you personally have experienced being part of the formulation process, as a strategist.</p> <p>I have also a visual aid for you that may help to bring back to mind the meetings and workshops in the process.</p> <p>Do you have any questions?</p>	
<p>Briefing stage</p>	<p>Interviewer: At the start of the strategy renewal project all strategist were briefed about the scope of the project, the different stages and the main strategic concepts.</p> <p>QB1: did the briefing help you to understand the scope, stages and concepts?</p> <p>QB2: Do you think that the briefing helped to get members aligned as a team?</p> <p>QB3: Was there something you would have done different in the briefing?</p>
<p>Analysis stage</p>	<p>Interviewer: During the analysis stage six different analyses were conducted to provide insights for the formulating the strategy.</p> <p>QA1: Which of the analysis succeeded best in providing data for formulating the new strategy</p> <p>QA2: which analysis had the most impact on the formulation of the strategy</p> <p>QA3: do you think analysis was necessary for formulating the strategy?</p> <p>QA4: Do you think there were enough data gathered to continue formulate the new strategy?</p> <p>QA5: did one or more of the analysis give you new insights in the internal or external environment of the [case company]</p> <p>QA6: what do you think are the most important analysis for strategy development in general</p>

	<p>QA7: were you satisfied with the analysis stage (was there something you would have done different)</p>
Prototyping stage	<p>Interviewer: “ in the strategy formulation stage the team evaluated several strategic scenarios. The purpose was to identify potential strategic scenarios for [case company]”</p> <p>QP1: Do you think there were enough scenarios evaluated?</p> <p>QP2: Did you consider some of the results of the analyses for defining the scenarios?</p> <p>QP3: How did you feel about the evaluation of the scenarios? Was there enough discussion?</p> <p>QP4: Did the exercise help you to come up with new strategic scenarios? How decision were made about the scenarios?</p> <p>QP5: did the prototyping stage give valuable input for formulating the new strategy? (what kind of input)</p> <p>QP6: is there something you would have done different during the prototyping stage?</p>
Formulation stage:	<p>Interviewer: “During the formulation stage the team compiled the final version of the new strategy. There were several topics discussed, such as vision and purpose, the roadmaps, customer segments and sales and marketing approaches”</p> <p>QF1: Do you think the results of earlier stages like analysis and prototyping were taken into account for the formulation of the strategy?</p> <p>QF2: Was there enough discussion in the team about the different elements of the strategy, such as roadmaps, segments and so on before they were integrated into the new strategy (was there something that had to be discussed more, or which was missing at all). How the decisions were made?</p> <p>QF3: Are the vision and purpose statements in line with your personal opinion about [case company]</p> <p>QF4: do you think it would have been helpful for the strategy formulation if the vision and purpose statement would have been defined earlier in the process?</p>
Reflection on the entire process	<p>Interviewer: “Next I have some questions about the formulation process in general”</p>

	<p>QG1: were the objectives of each workshop and meeting clear for you? (do you think the workshops and meetings were well enough prepared)</p> <p>QG2: do you think there was enough interaction between the team members?</p> <p>QG3: How do you feel about the interaction with the middle management during the formulation process? (was there enough interaction? What is the role of the middle management in strategy renewal processes)</p> <p>QG4: Do you think that the Board of Directors was enough involved in the strategy formulation process? (would you have expected more feedback form the board? Should the board play a stronger role in the strategy development?)</p> <p>QG5: how do you feel about the duration of the formulation process and the number of meetings and workshops</p> <p>QG6: If you look back on the entire strategy formulation process, what do you think went well, and what could be improved?</p>
<p>PART 2: STRATEGY CONTENT</p> <p>Interviewer: “The result of the strategy formulation was [case company’s] new strategy. Next I would like to ask you about the different topics that are addressed in the new strategy, and how they were defined.”</p>	
	<p>QC1: DO you think the strategic choices were based on sufficient understanding of the industry in which [case company] is active? (did you know enough about threats and opportunities in the industry?)</p> <p>QC2: DO you think the strategy gives enough guidance on how [case company] will deal with opportunities and threats in the industry?</p> <p>QC3: Do you think there was enough understanding about how competitive advantage can be established in the industry?</p> <p>QC4: does the new strategy clearly define which kind of customers will be served by the business units?</p> <p>QC5: does the new strategy clearly define which markets the business units will focus on?</p> <p>QC6: How were these customer and markets defined? How did you make a decision on these?</p> <p>QC7: is the strategy clear on certain customers, markets that not will be served or activities that not will done (trade-offs)?</p>

	<p>QC8: do you think the strategy is clear on how [case company] will achieve and sustain competitive advantage? (within industry and against competitors)</p> <p>QC9: Do you feel the corporate / business unit strategy has unique elements that allow the [case company] to differentiate itself from competition</p> <p>QC9: Do you think the strategy defines specific policies to guide the activities for the [case company] and for the business units?</p> <p>QC10: Did you evaluate the mid and long term effect of the strategic choices on the [case company's] future? (Will these choices support growth, or profitability, or...?)</p> <p>QC11: Does the strategy gives guidance on the resources and capabilities that are required to realize the [case company's] strategic objectives?</p> <p>QC12: Did you take into account the current resources and capabilities?</p> <p>QC13: Did you take into account the organizational structure and process in [case company] when making strategic choices?</p> <p>QC14: Do you think the core of the strategy is enough robust, meaning it will remain valid over a certain period in time, without the need to make new changes too soon?</p> <p>QC15: Do you think the strategy still allows for flexibility, that is making minor adjustments, without making its core elements obsolete?</p> <p>QC16:Do you think the strategy document is easy to understand for all employees?</p> <p>QC17: Do you think the strategy gives tangible guidance for employees and managers in different functions?</p> <p>QC18: if you look at the complete strategy, do you think it addresses all aspects that a strategy should address? On corporate level and on business level? Is there anything that would need more attention?</p>
<p>PART 3: PERSONAL REFLECTION ON BEING STRATEGIST</p> <p>Interviewer: “than I have some questions on how you experienced your participation in the project”</p>	
	<p>QS1: How did you feel about your strategic management skills when the project started?</p>

	<p>QS2: Do you think that your strategic management skills developed during the project?</p> <p>QS3: Is strategic management something you can learn by doing, or does it require some specific training. Or both?</p> <p>QS4: Do you think operative matters sometimes distracted the team?</p> <p>QS5: Did you participate earlier in strategy formulation processes? (if YES –FOLLOW UP: How do you compare this process with earlier experiences?)</p> <p>QS6: is there still something you would like to mention about the formulation process or the new strategy?</p>
<p>CLOSURE</p> <p>Interviewer: “Well, this is almost the end of the interview. Can I still ask you some questions about yourself?”</p>	
	<p>QD1: How long have you been employed with [case company] (FOLLOW UP: have you been working in other companies than case company)</p> <p>QD2: Can you tell me how many years’ experience in strategic management you have?</p> <p>QD3: What is your highest educational degree?</p> <p>QD4: and then finally, the last question, can you tell me your age?</p>