

Developing a framework for the strategy content-process relationship in view of implementation problems - a multiple case study

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Abstract

Ineffective implementation of strategy is one of organisations' gravest problems because it leaves large parts of their strategies' economic potential unrealised. Enquiring into strategy implementation problems in the context of their occurrence, i.e. in connection to the implementation processes within which they occur, and analysing the findings, the author aims to provide organisations with a tool to minimise strategy implementation problems by enabling organisational architects to build better strategy implementation processes. The assumption is that certain types of strategy content and implementation processes entail certain implementation problems. By anticipating these problems and pre-emptively building protective mechanisms into their strategy implementation process, companies can prepare for, or even prevent, said problems from occurring.

This thesis is carried out as multiple case study of four mature, internationally active Finnish industrial companies. Eleven semi-structured interviews have been conducted with two to three participants per case company. The framework method has been used to analyse the results and to build, under consideration of the results from the literature review, a framework that describes the relationship between strategy content- and implementation process-type, and their effect on strategy implementation problems.

In the findings, three relationships have been established; strategy content-type to implementation problems, strategy process-type to implementation problems, and strategy content-type to strategy implementation process-type. Intended strategies issued at a higher level of detail entail different implementation problems than those issued at a lower level of detail. More thoroughly defined and formalised implementation processes demonstrate different implementation problems than do less defined and formalised implementation processes. Hence, by applying the framework developed in this thesis' cross-case analysis to their strategy content and process choice, organisations can predict the implementation problems they are likely to meet. Furthermore, the more distinctly strategic action is described in intended strategy, the more distinctly it is implemented. Hence, Mintzberg's (1990) assertion that "*structure follows strategy the way the left foot follows the right in walking*" has once more been found to be true; the choice of strategy content already sets boundaries for the process choice, or, the choice of the strategy process already sets the boundaries for the strategy content choice.

Keywords Strategy implementation process, strategy implementation problems, strategic management, annual planning, strategic initiatives

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1. INTRODUCTION

Strategy implementation is a critical issue for most of today's companies. This can be seen in the many studies on strategy implementation pitfalls and publications on strategy implementation improvement suggestions. According to Mankins and Steele (2005) companies realise a mere 63% of their strategies' promised financial performance. Neilson, Martin and Powers (2008) point out that, by their own admission, the majority of companies is not very effective at translating strategy into actions. And Beer and Eisenstat (2000) write of the gap between "knowing what to do and actually doing it" (p.30). Academia and the business community agree on the importance of strategy implementation for an organisation's sustainable success, as well as on the importance of the strategy implementation process for this success. Most of the publications covering strategy implementation pitfalls also include suggestions on how to improve said strategy implementation. Furthermore, when reaching out to companies for the purpose of writing this thesis, companies acknowledged the difficulty of strategy implementation and were interested more in a comparative, multiple case study design than an in-depth, single case study design. Hence, indicating their interest in exploring the benefits and drawbacks of other, different approaches.

However, strategy implementation is not always the same in all companies; perceptions of the meaning of strategy, delimitations of what constitutes "strategy implementation" and understandings of organisational processes differ. Therefore, in order to start looking into strategy implementation, its process and problems, the topic needs to be defined in a more detailed manner first.

1.1 THEORIES OF STRATEGY IMPLEMENTATION

After a first look at the literature on strategy implementation, its first problem is evident; the ambiguity of the term itself. This is no wonder, considering the already wide-ranging different interpretations of the term "strategy". Thus, it is understandable that the definition of strategy implementation is ever so much more complicated. While strategic management scholars agree that strategy work consists of two interdependent phases, formation and implementation, there are difficulties in defining exactly what constitutes strategy formation and implementation. Mintzberg's (1985) assertion that strategy formation and implementation occur simultaneously, and cannot easily be separated is widely accepted. However, when looking into his model of deliberate and emergent strategies it is also evident that they both

start from intended strategy. Thus, the starting point of strategy implementation is an initially communicated, intended strategy, a pre-conceived goal, or a set of “strategic objectives”, that all organisational members pursue (Li, Gouhui & Eppler, 2008). This makes the enactment of deliberate and emergent strategies part of the implementation process. Deliberate strategy is the implementation of the exact intentions of intended strategy. According to Mintzberg and Waters (1985), it is highly unlikely that strategy implementation is purely deliberate because this would require a flawless understanding of, and agreement with, intended strategy, as well as total control over external factors. Therefore, emergent strategy, the enactment of activities that were not initially meant by the intended strategy, occurs, formulating future strategy.

Therefore, the structural context (Burgelman, 1983), i.e. the strategy implementation process within which induced strategic behaviour (the equivalent term to deliberate strategy) and autonomous strategic behaviour (the equivalent to emergent strategy), occur, is of great importance. This structural context defines the level of formality of the strategy implementation process and the level of corporate control exerted, both of which influence the extent to which emergent strategy is encouraged or suppressed. As can be expected, the different constellations of this structural context have a great impact onto how strategy is implemented, and presumably also on which kind of implementation problems they encounter.

Strategy implementation processes are very diverse, but can be described with the help of a few indicators defining their main workings. These indicators are role ascription into strategy formulators and implementers for top, middle and operational management, as well as the sequencing of formation and implementation (Floyd & Lane, 2000) activities. Therefore, these indicators define who in the organisation carries out which tasks, and in which order, giving further indication on the balance of deliberate and emergent strategy in intended strategy implementation. Moreover, it is of relevance, whether strategy is considered to consist of all activities that make up the operational, ongoing business of an organisation or considered to consist of only selected strategic development items. This distinction defines the strategy implementation process as being either annual planning-driven (Quinn, 1980, Hussey, 1999; Hrebiniak, 2005) in the former case or initiative-driven (Killing, Malnight & Keys, 2005; Morgan, Levitt & Malek, 2007) in the latter.

Thus, in order to define strategy implementation more clearly, certain assumptions about what an organisation considers to be strategy implementation need to be made; is there a clear ascription of “formulator” and “implementer” roles, is there a clear sequencing of the

“formation” and the “implementation” phases and is strategy the sum of an organisation’s activities or is it a set of selected strategic development items. All these factors describe whether an implementation process is considered to be annual planning- or initiative-driven. Furthermore, they give an understanding of the degree of formality and tightness of the structural context. The process through which deliberate and emergent strategies are enacted in the strategy implementation phase, and the assumptions this process makes about strategic content, goals, roles and sequencing, are of great interest because different understandings of strategy implementation lead to different tasks to be counted as strategy implementation and different challenges to be met. Treating strategy implementation as one global phenomenon without taking into account these specific assumptions about its implementation environment provides only a limited understanding of their true reasons and meaning.

All the studies on strategy implementation pitfalls and their respective solutions assessed within this thesis’ literature review assume strategy implementation to be that of deliberate strategy. Moreover, they focus mainly on strategy implementation pitfalls, their symptoms and potential solutions, ignoring the structural environment within which they occur.

1.2 RESEARCH QUESTIONS

Now this thesis will take a closer look at strategy implementation problems in their organisational context, aiming to connect specific strategy implementation problems to the strategy implementation process they are occurring in. For this, the case companies’ strategy implementation processes need to be described.

Research Question #1 “What do implementation processes look like?”

Strategy implementation processes will be assessed for their balance of deliberate and emergent strategy, their rigidness and formality, as well as their understanding of the term “strategy”. Subsequently, they are going to be classified as either annual planning-driven or initiative-driven.

As a next step, the case companies’ implementation problems need to be identified.

Research Question #2 “What implementation problems do companies encounter?”

The literature review will demonstrate that, in general, the different kinds of strategy implementation pitfalls are already well known and researched. However, they are usually approached by describing them and giving advice on how to fight or prevent them (Beer &

Eisenstat, 2000; Crittenden & Crittenden, 2008; Higgins, 2005; Martin, Neilson, & Powers 2008). A factor rarely discussed is their organisational context, in particular the strategy implementation process as part of which they occur. This is the area onto which this thesis is going to focus its analysis.

Research Question #3 “Are there particular process-problem matches?”

Thus, the objective of this study is to build a theoretical framework that matches particular strategy implementation problems with the processes within which they occur. This framework will enable organisational architects to predict the implementation problems their organisation is likely to encounter.

Further, the question whether some processes are inherently better than others will be treated.

Research Question #4 “Are some strategy implementation processes better than others?”

1.3 STRUCTURE OF THESIS

This thesis is structured into eight chapters. From chapter 2, this thesis will start off with a literature review that is divided into three parts. First, it will provide a preliminary delimitation of how the strategy implementation sub-part of the strategy process can be defined, therewith addressing the ambiguity of the term “strategy implementation”. Then, it will go on to present and compare two distinct process approaches to strategy implementation; the annual planning- and the initiative-driven process. Third, a literature review of commonly found strategy implementation problems and solutions to these problems will be conducted. This will demonstrate that the strategy implementation process itself can be both, the cause and cure of strategy implementation problems. In chapter three, the thesis’ methodology is explained, before the author moves on to presenting the empirical findings and in-case analysis in chapter four. Each case company’s strategy content- and implementation process-type will be assessed and their respective strengths and problems will be discussed. Following this, in chapter five, the author will conduct a cross-case analysis and build the resulting theory on the relationship between strategy content- and implementation process-type and their effect on strategy implementation problems. Finishing this thesis are chapter six with a discussion on its contributions to research, managerial application and suggestions for future research, chapter seven with references and chapter eight with appendices.

2. LITERATURE REVIEW ON STRATEGY IMPLEMENTATION

This Master's thesis follows a strategy process research approach to investigate the issue of strategy implementation. In order to delimit the notion of "strategy implementation", the author will work towards a definition of the strategy implementation process. As part of this endeavour, the roles of deliberate and emergent strategy within strategy implementation will be discussed. Once this definition of strategy implementation has been established, various variables describing the process in more detail will be discussed. These variables are the roles of top, middle and operational management in strategy implementation, the sequencing of strategy formation and implementation within strategy implementation and the tightness and level of formalisation of the strategy implementation process.

These concepts will then be applied to two different strategy implementation process types; the initiative-driven and the annual planning-driven strategy implementation process model. These process types will be illustrated in more detail by their framework, outlining their main workings, and will then be discussed at the aid of the previously developed theory.

The chapter will end with the third part in which numerous studies on implementation pitfalls and potential solutions are discussed, and the role of the strategy implementation process as a potential solution is presented.

2.1 STRATEGY PROCESS RESEARCH AND THE ROLE OF IMPLEMENTATION

Strategy as a term that initially has its roots in warfare and military use has slowly, but decisively crept its way into business life and, by today, has taken a strong stand in companies and business schools. But the term is large and research on the topic covers so many different areas that every professional, academic and layman has their own definition of what exactly strategy is, how far the concept spans and which managerial tasks it includes. To address the issue of the missing definition of strategic management, Nag, Hambrick and Chen (2007:942) have conducted a study to assess how scholars and the academic community define the field and have found a definition that, despite being rather large, seems to capture the consensus:

"The field of strategic management deals with (a) the major intended and emergent initiatives (b) taken by general managers on behalf of owners, (c) involving utilization of resources (d) to enhance the performance (e) of firms (f) in their external environments."

This definition still leaves much room for interpretation and many practitioners and academics have more selective perceptions, picking parts of this definition while excluding others. However, due to its inclusive nature it captures the general understanding of the field. In this part of the chapter, the author will delimit the area of strategy research relevant to her work and provide a summary of the current stand of the literature, which serves as the base of this thesis.

2.1.1 AREAS OF STRATEGY RESEARCH

Doz and Chakravarty (1992) divide strategy research into two subfields of strategy research; content research focusing “exclusively on what strategic positions of the firm lead to optimal performance under varying environmental contexts” (p.6), i.e. normative directives and methods for strategy formulation, and process research “concerned with how a firm's administrative systems and decision processes influence its strategic positions” (p.6), i.e. how strategy work is organised within an organisation. They view these two subfields both as serving firm performance improvement, but each one approaching the issue from a different angle. A third prominent subfield of strategy research is strategy-as-a-practice, a perspective “that considers strategy not as something that a firm has but rather as something that people do (Johnson, Melin & Whittington, 2003; Johnson et al., 2007)” (Rouleau, 2013:548), i.e. how is strategy work lived inside organisations. Generally, the content research side excludes implementation issues and tends to take a strong top-down, purely content-focused stand on strategy, as can be seen in the attitudes of some of the earliest and best known strategy academics:

“Strategy is a course of action consciously deliberated by top management (e.g. Chandler, 1962; Andrews, 1971) or an analytical exercise undertaken by staff strategists (e.g. Ansoff, 1965, Porter, 1980)” (Bower & Noda, 1996:159)

This content string is the most straight-forward, most known, commonly taught and oldest one of the three. Process and practice research, however, also include the implementation issue as one part of strategy work. As this thesis will look into strategy implementation, and more precisely at the processes through which strategies are implemented and the problems in implementation related to the choice of process, this thesis will adopt a process research view.

2.1.2 STRATEGY SHAPES STRUCTURE

For implementation, organisational structures are important because these dictate how an organisation functions. One of the earliest approaches to analyse the role of structure and its relationship to strategy has been made in 1962 by Chandler. Chandler (1962) discovered that strategy and structure of a company are closely linked and found that, generally, “structure follows strategy” (p.14). According to Chandler (1962:14), structure has two aspects:

“The lines of authority and communication between the different administrative offices and officers and, second, the information and data that flow through these lines of communication and authority”

In this logic, structure describes both, the organisation of individuals into roles and hierarchies and the administrative mechanisms through which they are acting and interacting. According to his theory, an organisation first makes choices about their strategy and then creates structures that support this strategy’s implementation. In this view, any organisational structure is always the result of the organisation’s previously chosen strategy. In his research, Chandler showed that as organisations grow and adopt new strategies, they require ever more complex organisational structures. Structure in his research refers to the organisational design that goes from the simple, one-divisional to a multi-divisional and matrix organisational form. Thus, an organisational structure evolves with a firm’s growth strategies’ development; organisations pass through ever more complicated evolving phases as their single strategies multiply and require new structures to deal with the newly arising issues of increasing complexity. In general, the smaller and younger a company is, the less sophisticated its structures remain but as the company grows, its structures gain in sophistication and complexity. A feature not covered in Chandler’s work, but nonetheless applicable to his research is the situation of companies after a turnaround – as they refocus their operations and meet lower turnover figures, structures are reversed, i.e. limited.

Chandler’s study was largely taken up by other scholars who, under the given presumption that strategy shapes structure, widened the scope to include a larger definition of “structure“. However, following Chandler’s definition of structure, it is the cornerstone for implementation in any organisation as it designates how the company itself internally works.

2.1.3 STRUCTURE ALSO SHAPES STRATEGY

However, there have been challenging views evolving that question this common understanding that strategy always precedes structure. Some of the earliest researchers for this are Hall and Saias (1985) who contended that in fact, often, “strategy follows structure” (p.149). According to them, an organisation can set its structure only initially, but once it is set, the organisation’s future strategic choices are limited by this initial structure choice. They justify this argument partly by Chandler’s (1962) own admission that “structure often failed to follow strategy. In each of the four companies, there was a time lag between the appearance of the administrative needs and their satisfaction” (p. 315) and partly by their findings on the shortcomings of centralised structures. Centralised planning assigned solely to the top management or an assigned group of specialists causes a loss of the field-workers market environment knowledge and centralised bureaucratic structures modify the organisation members’ perception of strategic issues. Whether an organisation is structured centralised or decentralised, hierarchical or non-hierarchical will influence their decisions on all business matters from growth to make-or-buy and portfolio decisions. Thus, the organisation’s set structures define future strategic decisions.

2.1.4 DELIBERATE AND EMERGENT STRATEGY IN THE IMPLEMENTATION PROCESS

The understanding that best captures this thesis’ take on this question is that of Henry Mintzberg who synthesised these opposing views to a more balanced, more integrated view. According to Mintzberg, Ahlstrand and Lampel (1998) “structure follows strategy the way the left foot follows the right in walking” (p.35). This view recognises both the intentional effect of strategy on structure and the more unintentional effect of structure on strategy. More importantly yet, it lays the groundwork for Mintzberg’s theory of deliberate and emergent strategies – the source for the idea that strategies can be made and implemented both bottom-up (i.e. emergent) and top-down (i.e. deliberate) at the same time. Intended top-down strategy is implemented through an organisation’s implementation process (i.e. an organisation’s structure), where it is shaped by deliberate and emergent strategy to become the realised strategy.

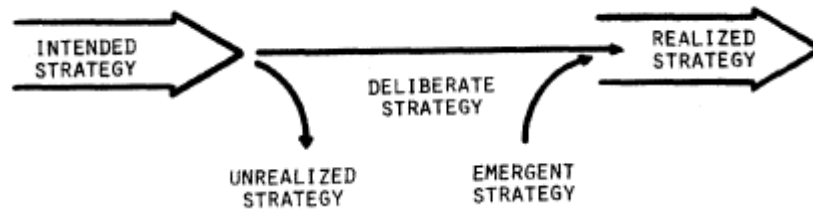


Figure 1: Mintzberg & Waters (1985)

According to Mintzberg and Waters (1985), perfectly deliberate strategies must occur under three conditions; firstly, the organisational intentions must have been explained in great detail, secondly, they must be either shared by everyone in the organisation or accepted as given from the management, i.e. is no internal opposition or influences, and, thirdly, there cannot be any external forces influencing on their execution, i.e. the organisation must have had full control over their environment or exact foresight over market developments. If all these conditions are met, the originally intended strategy, i.e. the deliberate strategy, is realised. Yet, in reality, this never happens. In purely emergent strategy, there is order, or “consistency in action over time” (Mintzberg & Waters, 1985:258), without any intention. This occurs as rarely as purely deliberate strategy. As a result, what happens is that the realised strategy is a result of intended deliberate strategy and emergent strategy. Mintzberg et al. (1998) introduce ten different kinds of strategies along this continuum of deliberate and emergent strategies. One of them is the “design school”, where a strong planning culture exists and the role of deliberate strategy is very strong. Another one is the “learning school”, where emergent strategy is strong as logical incrementalism (Quinn, 1980) causes formulation and implementation to intertwine. For this “learning school”, they propose the use of “process strategy” (Mintzberg et al., 1998) through which an organisation aims to control the parts of strategy making it can rather easily control – the people and processes through which strategies are generated. While the organisation designs the process through which strategy work is done, i.e. organisational structures and hiring of the “right” employees into the fitting positions, it leaves the content creation to the actual actors. Hence, in this case there is a greater importance on emergent strategy, allowing for deliberate and emergent behaviour to occur at the same time.

Applying Mintzberg and Water’s (1985) concept to strategy implementation, this “process strategy” approach can be extended to shape not only strategy generation, but also its implementation. Structures and processes for strategy implementation are developed in order to provide a strategy implementation process that is set by the leadership of an organisation

according to their intentions and with the objective to facilitate the implementation of deliberate strategies, but within which actors are free to implement also emergent strategies. It recognises that an organisation can't control everything and aims to make the best out of this. However, when devising the process, the organisation needs to make sure its strategic intentions are well understood in the organisation and that complimentary structures support these. Mintzberg and Waters (1985) are aware of this problem as they stated "Identifying intentions is a tricky business in any context. Who can be sure that what was articulated was truly intended" (p.265).

These findings lay the groundwork and base assumptions for this thesis. They show that while there is always one part that can be actively steered by formulated, intended strategy, strategy is not purely deliberate and there usually is also emergent strategy, actions that happen without intentionally having been planned. Both of these parts occur during the implementation process; the formulated, intended strategy needs to be implemented, but while it is being implemented it might change as a result of decisions taken by implementers in the course of implementation. In this light, small implementation decisions might be considered future strategy formation elements. This goes to show that strategy formation and implementation are not easily separable but are indeed, as Mintzberg and Waters (1995) state, intertwined. Thus, the process through which a formulated, intended strategy becomes a realised strategy decides how closely the realised strategy resembles the initially formulated intended strategy.

2.1.5 TOWARDS A DEFINITION OF THE "IMPLEMENTATION PROCESS"

Now, in order to assess more thoroughly the implications this has on strategy implementation, some general assumptions about what strategy formation and implementation are need to be discussed; what is understood by these two phases, what do they contain, in which order do they occur and where in the organisation are they executed? A review of the current state of strategy implementation literature conducted by Li et al. (2008), published as working paper in 2008, assessed 60 articles from a selection of renowned, peer-reviewed journals on the definition of strategy implementation and its current stand of research. From this, they were able to define

"strategy implementation as a dynamic, iterative and complex process, which is comprised of a series of decisions and activities by managers and employees – affected by a number of interrelated internal and external factors – to turn

strategic plans into reality in order to achieve strategic objectives.” (Li et al., 2008:6)

Analysing this definition by its parts, six defining features are apparent;

1. a “dynamic, iterative and complex process” describes that it is a continuous interaction on multiple organisational levels. The term “iterative” highlights the existence of emergent strategy, i.e. the existence of strategy formation throughout the strategy implementation phase.
2. “Comprised of decisions”, i.e. on how the formulated strategy is implemented and how the future strategy will be influenced by decisions taken during the implementation of intended strategy
3. “and activities by managers and employees”, i.e. implementation is done on all levels. Further, these activities are the “means” by which strategic ends are to be reached.
4. “Affected by internal and external factors”, where internal factors include social constructs and the processes governing strategy implementation.
5. “to turn strategic plans into reality” implies that implementation starts from formulated strategy, a pre-conceived goal, i.e. is there is an initial distinction between implementation and formation. However, it does not exclude that the fact that future strategic plans might be influenced (formulated) by the implementation of previous strategic plans. Strategic plans may be interpreted here as strategic content, rather than detailed plans.
6. “in order to achieve strategic objectives”, these are the ends towards which a strategy is directed.

According to this, an attempt to define what constitutes formation and implementation can be made. Strategy work is often distinguished into strategic thinking and strategic planning (Moore, 2009). According to Moore (2009), strategic thinking aims to define the ends, the future intended state of the organisation – equal to the concept of formation – and “this happens first” (p.4), then comes strategic planning – corresponding to the concept of implementation – which “determines the most effective means to achieve those ends” (p.4). This is mirrored in definition parts #3 and #6 where managers and employees are carrying out

activities (means) to achieve the objectives (ends) set in the strategy. Moore further states that the outcome of the board’s strategic thinking process represents the starting point for the management’s strategic planning process. There is thus a clear distinction between roles where each part happens, formation and implementation, and the order in which they occur. This is mirrored in definition part #5, stating that implementation is always initially preceded by formation.

However, definition part #2 also includes decisions on the same level as actions as integral part of strategy implementation. Often, strategic decisions are taken as part of strategy implementation and in the future become the declared, intended strategy. Therefore, the strategic planning process, i.e. implementation, in itself might become part of strategy formation. Thus, in order to define strategy implementation, the nature of decisions taken during the implementation process is of interest. Shivakumar (2014) proposes a model that distinguishes decisions made within an organisation by two dimensions, their impact on the organisation’s scope and commitment, in a 2x2 matrix; Strategic decisions (significant changes in both commitment and scope), neo-strategic (significant changes in scope but not commitment), tactical (significant change in commitment but not scope) and operational (no significant changes in scope nor commitment). While strategic, tactical and operational decisions have been known in the field for some time now, neo-strategic decisions are a new concept resulting from the increased speed of the business environment (Shivakumar, 2014). This classification of decisions is interesting to the concept of strategy implementation because not all decisions taken as part of the

		Commitment	
		Significant Changes	Insignificant Changes
Scope of the Firm	Significant Changes	Strategic	Neo-Strategic
	Insignificant Changes	Tactical	Operational

Figure 2: Shivakumar (2014), p.87

implementation of deliberate strategy also represent emergent strategy – but some of them do. Therefore, while definition part #5 states that implementation is preceded by formation, this does not exclude the possibilities that implementation precedes formation if strategic or neo-strategic decisions are taken.

Thus, in implementation processes there are three important determinants; the order in which formation and implementation occur, that initially implementation starts from formation of intended strategy (definition part #5), the strategic importance of decisions subsequently made

(definition part #2), qualifying them as either formation or implementation in the course of implementation, and at which level in the organisation an activity or decision is carried out (definition parts #1 and #3), assigning roles to different hierarchical levels.

2.1.6 ROLES AND SEQUENCING AS INDICATORS FOR THE BALANCE BETWEEN DELIBERATE AND EMERGENT STRATEGY IN THE IMPLEMENTATION PROCESS

This is also addressed in the framework developed by Floyd and Lane (2000) assessing role conflicts between different organisational actors in strategic renewal. They have defined three subprocesses; competence definition (promotion of innovation throughout the organisation), competence modification (recognition of the need for change) and competence deployment (management of operations). In each subprocess, actors on different levels of the organisation have different time horizons, information requirements and core values influencing their roles, which sometimes bring them in conflict with each other. The two subprocesses of interest for the strategy implementation process are competence definition and competence employment. As part of the competence definition subprocess, there is great potential for strategic and neo-strategic decisions on all organisational levels, thus strategies are more emergent than deliberate; they are driven from within the organisation, bottom-up through employee participation. In this subprocess, strategy implementation co-occurs with or precedes strategy formation. There is no clear sequencing or role ascription. As part of the competence deployment subprocess there is less potential for strategic or neo-strategic decisions, but tactical and operational decisions are more frequent. Here, operationalisation of day-to-day business takes precedence. Thus, there is a clear sequencing of strategy formation preceding strategy implementation. Moreover, there is a clear role ascription of top management formulating strategy and top, middle and operative management to implement.

Managerial Roles, Information Exchanges, and the Strategic Renewal Subprocesses

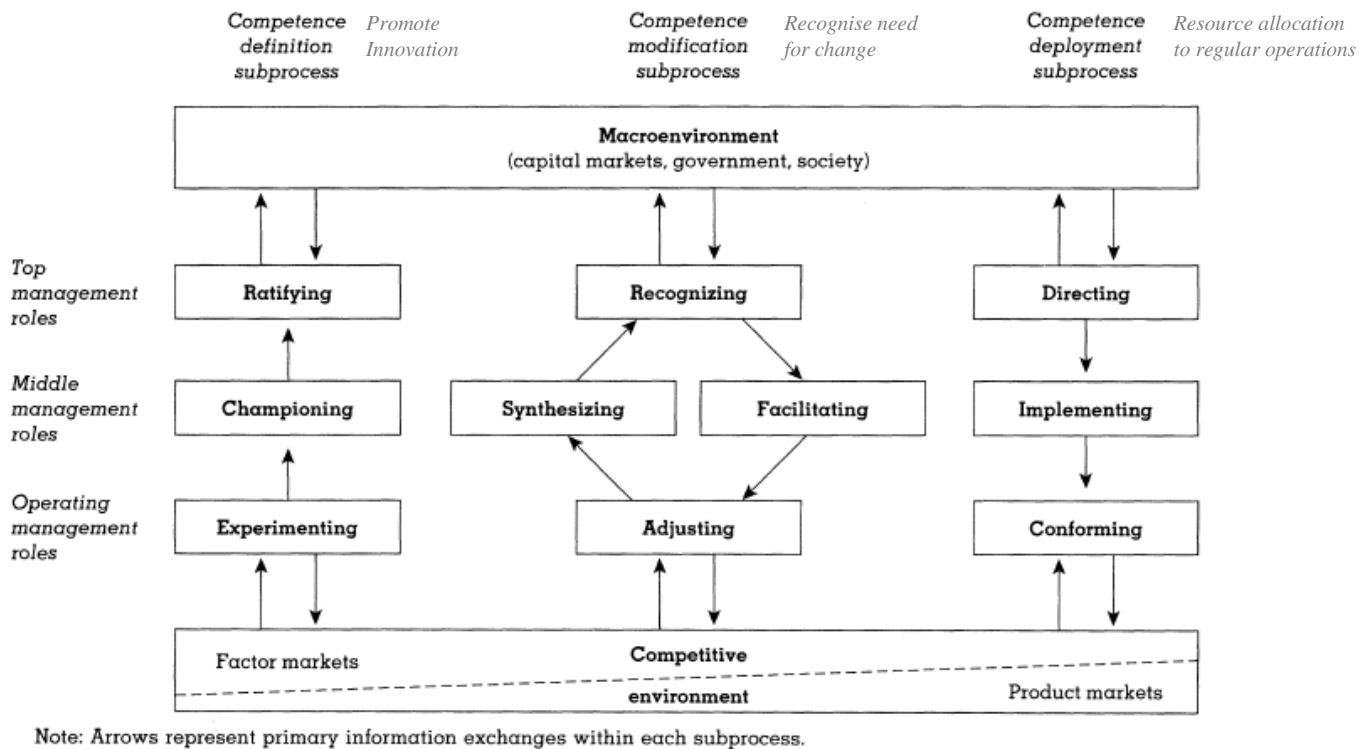


Figure 3: Floyd & Lane (2000); Managerial Roles, Information Exchange and the Strategic Renewal Subprocesses

From this it stands to reason that the level of detail with which a company’s strategy formation process formulates and communicates its intended strategy – as high-level vision, clear set of initiatives or clear set operational instructions – as well as how strictly its process aims to operationalise this strategy has a strong influence on how much strategy formation occurs within the strategy implementation phase.

According to this model, both strategy formation and implementation occur at all levels – a view that is in line with the literature discussed so far. However, it also clearly shows that there are different degrees to which the different organisational levels carry out both roles. Top management ratifies (formulates and implements) and directs (formulates and implements), middle management champions (formulates) and implements (implements), and operating management experiments (formulates through implementation) and conforms (implements).

	Competence Definement	Competence Deployment
Top Management	“Ratifying”	“Directing”
Role	Formulating & Implementing	Formulating & Implementing
Decisions	Strategic & Neo-Strategic	Strategic & Neo-Strategic
Sequencing	Formation \leftrightarrow Implementation	Formation \rightarrow Implementation
Middle Management	“Championing”	“Implementing”
Role	Formulate	Implementing
Decisions	Strategic, Neo-Strategic & Tactical	Tactical & Operational
Sequencing	Formation \leftarrow Implementation	Formation \rightarrow Implementation
Operating Management	“Experimenting”	“Conforming”
Role	Implementing & Formulating	Implementing
Decisions	Strategic, Neo-Strategic, Tactical & Operational	Tactical & Operational
Sequencing	Formation \leftarrow Implementation	Formation \rightarrow Implementation

Table 1: Competence Definement and Competence Deployment with Roles, Decisions, Sequencing

The question whether an activity in strategy implementation is of formulating or implementing nature can be answered by the decisions taken as part of this activity; if it is strategic or neo-strategic it will have an influence on the firm’s scope, hence it is a formulating activity. In turn, if the decisions taken are tactical or operational, their corresponding activity can be classified as implementing. The order of an activity can be classified as either being in response to or inducing intended strategy, or as formation and implementation occurring simultaneously. In table 1, competence definement corresponds to Mintzberg’s emergent strategy, i.e. strategy formation as part of implementation, and competence deployment corresponds to Mintzberg’s deliberate strategy, i.e. the purely deliberate strategy.

The internal process during which this interaction between strategy formation and implementation is managed will influence its outcome. Therefore, it becomes of vital importance for companies “how to organise a firm’s strategic planning process in a systematic way to create an appropriately balanced approach to strategic planning that yields the flexibility of an emergent process with the discipline of a deliberate process.” (Dibrell, Down & Bull, 2007:23). A theoretical description of this process (definition part #1, from Li et al., 2008) is best given by the Bower-Burgelman process-model.

2.1.7 INTEGRATION OF DELIBERATE AND EMERGENT STRATEGIES: THE BOWER-BURGELMAN PROCESS MODEL

The Bower-Burgelman process model suggests that strategy implementation is organised through intertwined interactions between formation and implementation of strategy on multiple organisational levels. This interaction needs to be organised in every organisation through a strategy implementation process that balances the effects of an organisation's strategic context and its structural context. Burgelman (1983:61) captures this by stating:

“Most strategic activities are induced by the firm's current concept of corporate strategy, but also emerging are some autonomous strategic activities, that is, activities that fall outside the scope of the current concept of strategy”.

The model adopts Mintzberg's (1998) strategy “process school” where strategy is formed emergently through decisions and actions, and where ad-hoc, flexible decision and strategy-making happens through processes that are designed to achieve intended strategy. Figure 4 describes the model; the concept of corporate strategy is at the beginning. It sets the starting point and based on the current concept of corporate strategy induced strategic behaviour (1) and the structural context (2) are set. Structural context refers to the “administrative mechanisms that corporate management can manipulate the” (Burgelman, 1983:65) behaviour of organisational members with, hence it includes the formal strategy implementation process. The structural context and current concept of corporate strategy influence the type of proposals made (3) and accepted (4). Induced strategic behaviour covers mostly activities that are consistent with the existing business – it does not aim to change the organisation's scope but pursues deliberate strategy. Autonomous strategic behaviour, in turn, is not planned but results from engaged employees driving their own ideas for change – it aims to expand the organisation's current scope. Strategic context refers to middle managers' linking of autonomous actions to corporate strategy. In this function, it acts as connecting point between the autonomous strategic behaviour (5) and the concept of corporate strategy (8), and as such takes an important influence on the development of the future concept of corporate strategy. To some extent, the strategic context, i.e. how middle management will react to autonomous strategic behaviour, shapes also strategic behaviour (7). Employees anticipate middle management's reaction to their proposals and this influences the type of proposals they make. Structural context takes a limited influence on the strategic context (6), as middle managers' reaction to autonomous strategic behaviour may be influenced by the structural constraints they experience.

**A Model of the Interaction of Strategic Behavior,
Corporate Context, and the Concept of Strategy**

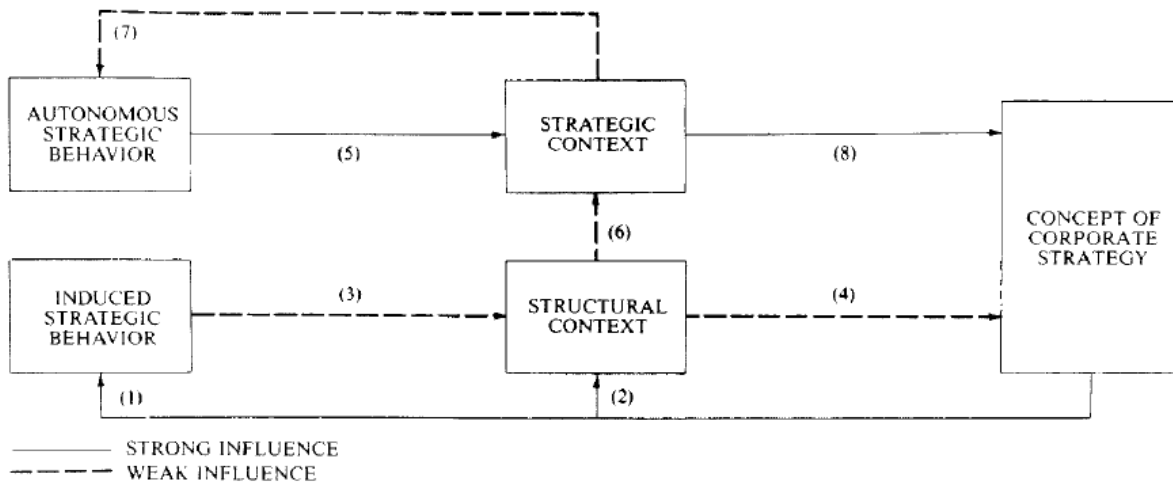


Figure 4: Bower-Burgelman process model (1983)

From the study conducted by Noda and Bower (1996) three propositions of relevance to strategy implementation processes are known. Firstly, top management has a strong influence on the development of bottom-up initiatives through the establishment of context within which managers take decisions. Secondly, the structural and strategic context, both take influence. Of particular interest here is Noda and Bower’s (1996) findings that the structural context is so strong that this often creates problems to the very same top managers who initially set the structural context – this highlights the need to consider beforehand what the structural context should look like before instating it. Thirdly, the structural context is stable over time and thus tends to make it difficult for companies to change the way in which they work. Hence, the structural context can act as strong inhibitor for change and flexibility. In addition to representing the processes within a company, it also represents routines and the collective behaviour pattern of its members. These are strong social constructs, often difficult to modify.

Relating this model to the literature discussed previously, it confirms the importance of the structural context; the structural context standing for the strategy implementation process. The attempt to implement intended strategy, i.e. formulated strategy or, here, the concept of corporate strategy, triggers induced strategic behaviour (i.e. deliberate strategy), while the chosen formal process to implement this strategy represents a part of the structural context and also influences the induced strategic behaviour. Therefore, the formal strategy implementation process, i.e. the structural context here, may affect on the strategic context as inhibitor or promoter of autonomous strategic behaviour. The autonomous strategic behaviour

here is comparable to Mintzberg and Water’s (1985) emerging strategy. As such, the chosen formal strategy implementation process is a relevant intermediary to strategy implementation; it needs to balance induced and autonomous strategic behaviour. While also the induced strategic behaviour may be partly emergent strategy due to the potential non-fulfilment of the three premises for perfectly deliberate strategy, autonomous strategic behaviour represents the larger part of the emergent strategy because induced strategic behaviour has actively and intentionally been triggered by the intended strategy, autonomous strategic behaviour has not been consciously triggered and only appears through its implementation.

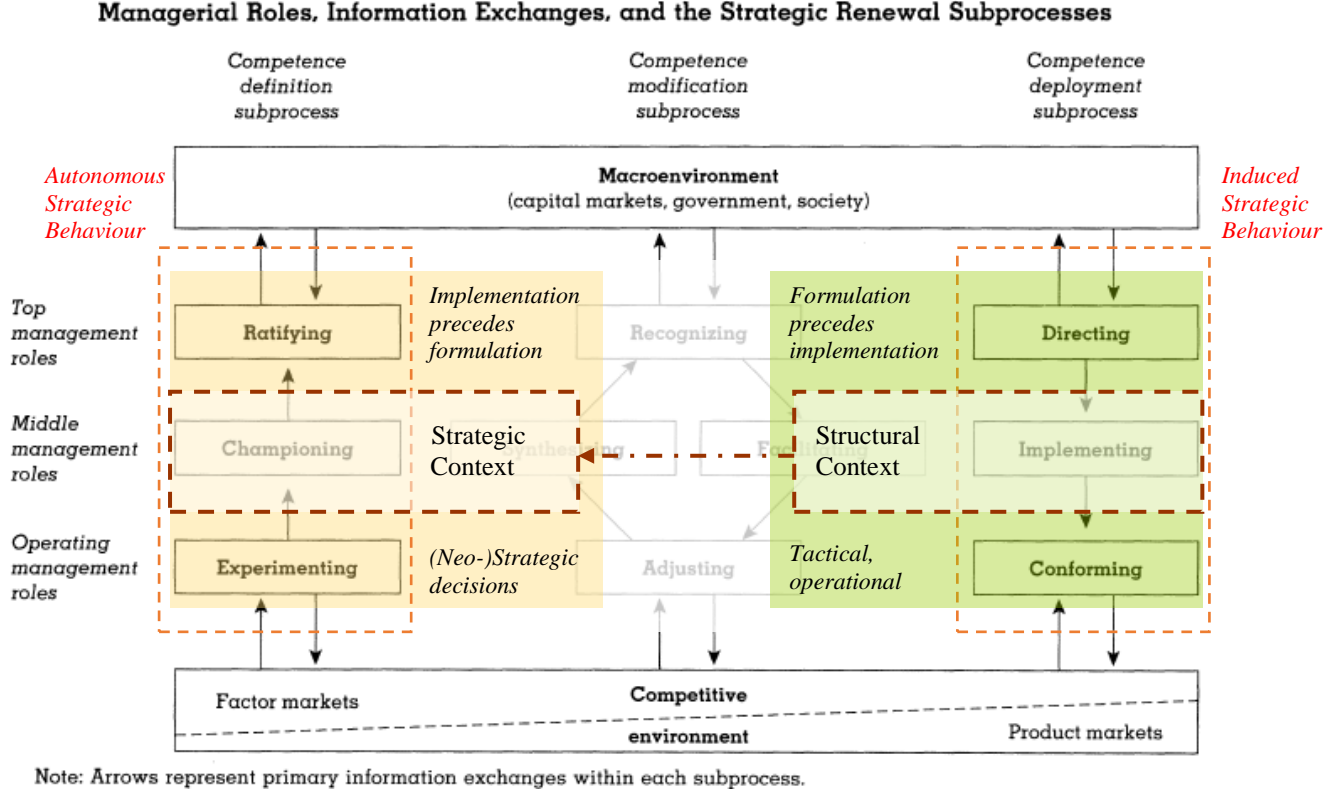


Figure 5: Modified version of Floyd & Lane (2000)

The intentional, induced part of strategy implementation of this model corresponds to Floyd and Lane’s (2000) competence deployment subprocess, while the unintentional, autonomous part of strategy implementation corresponds to Floyd and Lane’s (2000) competence definition subprocess. The balance with which a strategy implementation process enables or suppresses these two sub-elements has a strong influence on how aligned a company’s strategy implementation is.

2.1.8 FORMALISATION OF THE IMPLEMENTATION PROCESS THROUGH STRATEGIC PLANNING

While some academics say that the strategy process cannot be formalised, others agree that formalising the strategy implementation process furthers strategies' successful completion. To put it in Mintzberg's (1994a) words, "Planning cannot generate strategies. But given viable strategies, it can program them; it can make them operational" (p.112). This quote captures the difference between formulating strategy and implementing it – strategic planning only serves a strategy's implementation, not its formulation. However, any formalisation, or planning, of strategy implementation, while making strategy operational, takes away a certain level of strategic flexibility and organisational renewal. The more a process is formalised – or in other words, the stronger the structural context – the more this is the case. Settling on some objectives, tasks and budgets over others may inhibit the development into a different direction. Thus, expressing strategy through precise figures, time-lines and schedules in the form of annual plans or the like places it in an analytical setting, disconnecting it from its synthetical nature (Moore, 2009 on Mintzberg, 1987). As such, planning, strategic and other, can only occur as part of a strategy's implementation, not its formation – making strategic planning clearly implementation of deliberate strategy. The decisions taken within the this planning process are tactical or operational, following (neo-)strategic objectives set prior to the planning of their implementation. However, during this same process of implementing deliberate strategy, i.e. operationalization by means of (strategic) planning, other strategic issues may arise and (neo-)strategic decisions may be taken, rendering part of the planning process also emergent strategy, i.e. formation. It is, therefore, of interest to take a look at different implementation modes, to assess their respective level of freedom to integrate also (neo-) strategic decisions in this planning of deliberate strategy, as well as the their ease to allow emergent strategy in general within the implementation.

Strategy implementation always balances two simultaneous subprocesses, the implementation of deliberate strategies through induced behaviour in the structural context and the implementation of emergent strategies through autonomous behaviour in the strategic context. The organisational design needs to recognise this challenge and design the formal strategy implementation process in a way that facilitates both subprocesses. In order to make room for both subprocesses to occur simultaneously, the formal strategy implementation process needs to be tight and formalised enough for strategic planning to occur, while at the same time allowing flexpoints (Dibrell et al., 2007) to facilitate the integration of emergent strategies. The extent to which bottom-up strategies, which might deviate from intended goals, are

encouraged needs to be decided when choosing the formal strategy implementation model. The organisational architect needs to be aware of their willingness to encourage or allow autonomous strategic behaviour and, consequently, needs to make a choice between the level of formalisation, i.e. efficiency and repetitiveness of actions, and the level of freedom, i.e. room for innovation and employee-driven change, incorporated in the organisation's implementation process. As Dibrell, Craig and Neubaum (2014) point out, this choice between formalisation and freedom is a tricky one; too formal processes might tell employees exactly what is expected and decrease task uncertainty, but at the same time it might reduce innovativeness and flexibility to react to environmental changes. Hence, the choice between formalisation and freedom of the process will ultimately influence how closely the realised strategy in the end resembles the original intended strategy.

2.2 STRATEGY IMPLEMENTATION PROCESS DESIGN

When it comes to the operationalisation of strategies, there are three commonly found approaches; the annual planning process done in most organisations, the initiative-driven and the informal process. The first two represent a continuum; while some companies may operationalise their strategy mostly through the annual planning as part of their operations planning, others may opt to exclude strategy implementation from their daily operations and instate a separate process, and yet others may opt for a way in between. The third option would be that strategies are implemented outside of any formal process, purely emergent and dependent on individuals' initiative.

Looking at particular strategy implementation models to illustrate these types, there is of course a myriad of process models available, reflecting the issue's apparent relevance for business. This relevance is also reflected in the high degree of practitioner-oriented articles and books published for an executive audience. The author has chosen two models to discuss in this literature review – one for the initiative-driven and one for the annual planning-driven model. The first model, the strategy execution framework by Morgen et al. (2007), represents the initiative-driven approach. It has not been published in academic journals. The second one, the strategy execution model by Hrebiniak (2005), represents the annual planning-driven approach and has been published in both, academic journals and for practitioners. The informal process is very uncommon in mature companies – see Chandler's (1962) logic of structural development with age – and will thus not be discussed.

2.2.1 THE INITIATIVE-DRIVEN PROCESS: STRATEGIC EXECUTION FRAMEWORK® (SEF) BY MORGAN, LEVITT & MALEK

Initiative-driven strategy implementation processes are usually designed to address change. As displayed by Killing et al., (2005) must-win battle concept, a framework falling into this category, the initiative-driven process-type starts from an assessment of the current situation and compares this to the desired situation. It then goes on to identify the key challenges that need to be mastered to get there, in this case the must-win battles. This process is said to occur at the top management level, making strategy formation the first step, governed top-down. However, insights from lower down in the organisation are encouraged to be communicated and discussed beforehand. Hence, there is also a clear allocation of roles; top management formulates strategy, all layers implement. These must-win battles represent the currently most urgent issues to be addressed and changed. As the authors state, they are the most important three to five issues and for each one “you will need to concentrate all your resources, and all management’s attention, on your chosen MWBs” (Killing et al., 2005:3). Furthermore, they are tangible and implementable, not wide concepts. Once decided and communicated, these must-win battles are implemented through action plans. Action plans are embedding these particular, often from the operational activities detached, must-win battles into the organisation’s operational agenda. Therefore, it follows that implementation pursues goals set within the must-win battles – formation precedes implementation. Further, the integration into the operative agenda implies mainly tactical and operational decisions. The induced strategic behaviour is hence stronger than autonomous strategic behaviour, making deliberate strategy the prevalent force. Within their action plans, the must-win battles are followed up regularly. Other theoretical concepts regroup these action plans into initiatives under particular must-win battles, while yet others just refer to the concept of “must-win battles” by the name of “initiatives”. In all cases, however, initiatives, or must-win battles, are changing over time, making this an ongoing process addressing always the most urgent needs for change.

A more inclusive version of this must-win battle, or initiative, concept is displayed by the framework for strategy implementation that has been developed as university-industry partnership in cooperation between IPSolutions (IPS) and the Stanford Centre for Professional Development (SCPD). This partnership started in 1999 with the creation of the Stanford Advanced Project Management Program (SAPM), an executive education program in advanced project management. The SEF® has been developed as part of the SAPM and

constitutes a major part of the program curriculum. As this already indicates, it takes a very project management-like approach to implementing strategy – converting a strategy into a portfolio of programs and projects, implemented in an organisation’s operations.

This model also sees a clear distinction between strategy formation and implementation, where the former ultimately precedes the latter. Accordingly, this model also recognises a definite divide into formulators and implementers, something shown in the authors’ characterisation of one the largest problems in strategy implementation:

“This language barrier prevents many senior executives from communicating effectively with the people **who will actually bring the strategy to life**. Executives speak of strategic outcomes rather than specific project outputs, and too often **they fail to link the two**. The converse is also true: project and program managers rarely have the opportunity or **inclination to think about the strategic implications of their work**.”(Morgan et al., 2007:8)

In this short passage of the book three important points are made, all typical of initiative-driven strategy implementation models; first, a clear division of roles in and order of strategy formation and implementation is made, and strategy here is seen as purely deliberate. Second, they, i.e. the executives, are not actively implementing the strategy but are the sole responsible instance for linking their goals, i.e. strategic outcomes, to the implementers’

goals, i.e. project outcomes. There is cascading of goals from the corporate to the individual target-level. Third, it is just assumed that implementers are not interested in the strategic implications of their work (Morgan et al., 2007), hence, it is assumed operating and middle managers usually have no intent, nor are they encouraged to drive strategy. Thus, emerging strategy is assumed to be limited. Moreover, the disconnect between strategy formation and implementation is evident when looking at the categorisation the authors make;

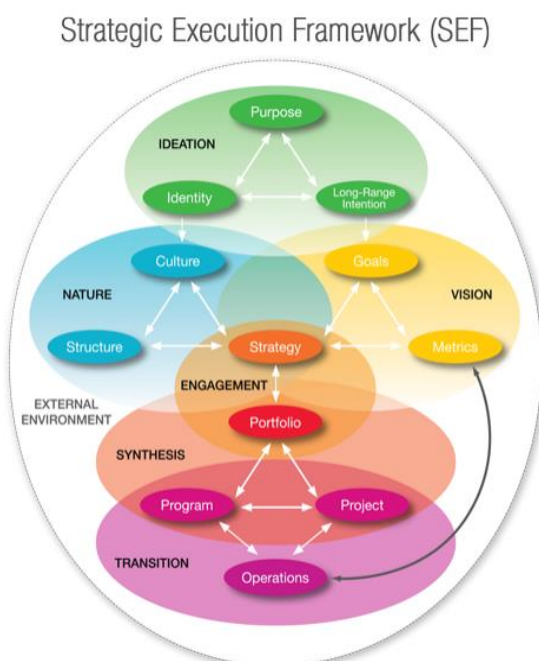


Figure 6: Strategic Execution Framework® (2007)

Synthesis and Transition domains as strategy execution – further highlighting the deliberate aspect of strategy implementation.

The model does not require a step-by-step run-through of each domain, instead it recognises the need to align them. In consequence, the authors argue that an organisation can improve its strategy implementation process by a simple “*tweaking*” (Morgan et al., 2007:18) of the one or two domains where it is necessary. The model itself has an appealing logic, because it is quite straight-forward:

“Ideation:	Clarify and communicate identity, purpose and long-range intention
Nature:	Align the organisation’s strategy, culture and structure
Vision:	Translate long-range intention into clear goals, metrics and strategy
Engagement:	Engage the strategy via the project investment stream
Synthesis:	Monitor and continuously align the project work with strategy
Transition:	Transfer projects crisply to operations to reap the benefits”

(Morgan et al., 2007:17)

Its inclusive nature covers all the steps of an initiative-driven implementation model needed for implementing; from the identification of the current situation and the future intended state, the gap between the two (Ideation) and the precise strategy, including implementable goals and their metrics (Vision) to its match with the organisation’s culture (Nature). It covers the translation of this vision (Engagement) into precise, actionable initiatives, i.e. projects and programs (Synthesis), where programs signify a grouping of interdependent projects sharing resources, and it doesn’t exclude the crucial step of integrating the projects into operations (Transition). However, the authors argue that the engagement domain distinguishes one organisation’s strategic execution success from other organisations’ because it “is the discipline of engaging the strategy with the tailored portfolio of projects and programs that will bring it (the strategy) to life” (Morgan et al., 2007:141). Zooming in on the implementation domains, the Engagement domain allocates resources to the chosen programs. This allocation represents an ongoing process of project portfolio management during which neo-strategic or strategic decision are made. It is recommended to happen through an engagement between strategy makers and project portfolio managers, formulators and implementers. Hence, in this instance it is a question of doing things right and executives (i.e. here strategy makers) still have the final say to decide. To each project and program a senior-executive sponsor is assigned to provide vision, commitment and management help in form of scope, schedule and resource allocation. In addition this sponsor is also the ultimate decision-making power, thereby enabling fast decisions when needed, even in difficult situations. In this light, the Engagement domain is the structural context; top-down managed projects and programs are induced strategic behaviour, projects and programs created in conformity to deliberate strategy. Nonetheless, the engagement domain also acts as strategic context as

autonomous strategic behaviour might bring projects or programs to life that are not conform to the deliberate strategy. For the latter, this engagement domain acts as gatekeeper. In the following domains of Synthesis and Transition it becomes a question of doing things right, and the decisions taken become ever more tactical and operational. Most of the behaviour is likely to be induced, but some autonomous strategic behaviour might nevertheless occur.

The strategic execution framework is one of the few models that take a full organisational view and that make the connection between the strategy formulation and implementation stages. The engagement domain is designated to play a pivotal role in connecting “*strategic outcomes*” with “*project outcomes*”. Furthermore, it recognises that strategic content needs to be aligned to corporate identity and values, but at the same time be implementable. This is shown for example in the quite high-level phase of “vision” where the model points out the need for metrics, indicating a strong drive for operationalisation. It is suitable for this thesis because of its focus of translating formulated, deliberate strategy into a portfolio of programs and projects, i.e. concrete actions matched to the chosen strategy. Yet, the strong “project management” character displayed by this model is also its point for improvement; other aspects of implementing strategy are not referred to. The initiative focus is strong and strategies that are difficult to implement through projects or programs, or are not geared towards a somewhat drastic change might not be easily integrateable. According to this model, strategy needs to be ultimately implemented through programs or projects. These programs and projects need to be in line with the pre-conceived strategy, which might limit the scope of its applications.

2.2.2 THE ANNUAL PLANNING-DRIVEN PROCESS: “MAKING STRATEGY WORK” BY HREBINIAK

Strategy implementation processes driven by the annual planning cycle tend to address the implementation of strategies aiming to perform better, but within their status quo. According to Quinn (1980) annual planning rarely produces disruptive changes, but is focused more on gradually developing the business through “conscious managerial thought” (Mintzberg, 1994b:108). This logical incrementalism (Quinn, 1978) philosophy concentrates more on continuous operational activities. Hussey (1999:270) states that the planning process

“clearly shows not only what analytical steps are needed and what plans will result, but how the organisation will tackle this task and which organisational

units will be involved (...) Within the process provision must be made for formal reviews of the plan, and the dissemination and formal discussion of the strategic guidelines which enable operating divisions to make their plan”

This shows the process’ continuous nature as well as its presumption that strategy formation and implementation occur simultaneously. Instead of providing a number of clear, tangible and implementable items of formulated strategy, different parts of the organisation pursue a sub-area of the whole organisation’s “*strategic guidelines*”. There is a clear division where in the organisation which decisions are taken. As part of their plan, divisions make (neo-) strategic as well as tactical and operational decisions. This makes strategy formation something that occurs not only on top management level, but also on middle manager or even operational manager level through implementation. Quinn’s (1978) incrementalism view describes this as “strategic subsystems, each of which attacks a specific class of strategic issues (e.g. acquisitions, divestures, or major reorganisations) in a disciplined way, but which is blended incrementally and opportunistically into a cohesive pattern that becomes the corporate strategy” (p.8), through the (multi-) annual planning process.

One model for strategy implementation through the annual planning system, or operational planning in general, is Lawrence Hrebiniak’s “Making Strategy Work” (2005). Lawrence Hrebiniak is a professor at Wharton Business School, at the University of Pennsylvania. His model is based on his research of strategy implementation and his experience as consultant and as director of the Wharton executive program in strategy implementation, as well as an empirical study to analyse common obstacles to strategy execution.

This empirical study on strategy execution obstacles covered 12 items deemed relevant in strategy implementation issues. Hrebiniak came up with these 12 items through his work with the managers participating in the Wharton Executive Program on strategy implementation. The survey data collection had been divided between two sources of data; firstly, the Wharton-Gardner survey, in cooperation with the research institute Gardner Group, Inc., for which 1.000 Gardner e-panelists that identified themselves to be involved with either strategy formulation and execution have been asked to respond to a questionnaire, including open-ended questions, on 12 strategy implementation items. 243 individuals have answered. Secondly, the Wharton Executive Education Survey within which another sample of 200 managers, participants in the executive program, has also been asked about the same 12 items. Together this accounts for a sample size 443 participants. From the results of these surveys,

and panel discussions about its results in subsequent years of the executive program, Hrebiniak came up with this model of strategy implementation.

This model sees a less distinct separation into strategy formulation and implementation, formulators and implementers. This is seen in the model's flow of logic and its recognition of the equal importance of corporate strategy and business strategy. As Hrebiniak (2005)

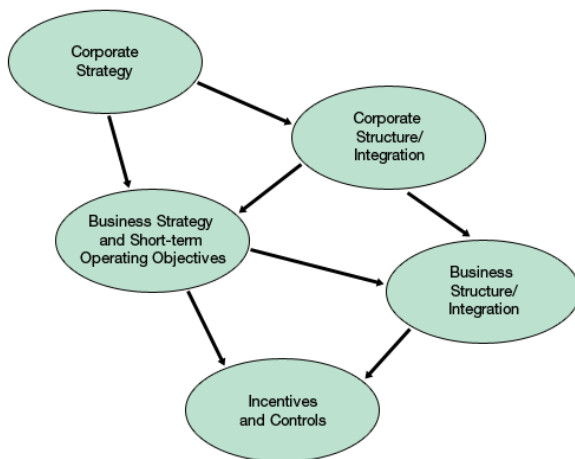


Figure 7: “Making strategy work”, (2005)

acknowledges, both strategies need to be right in order for the company to succeed, and both are made on different organisational levels, thereby spreading the roles and orders of strategy formation and implementation over multiple hierarchical levels. Business-level strategy must meet business-level requirements and conditions in order to be able to fulfil corporate requirements. This in itself is a common

supposition of the annual planning logic, as it occurs within functions and business units. Hrebiniak (2006) states that corporate strategy, i.e. items such as portfolio management, diversification and resource allocation across the businesses or operating units, influences business strategy, i.e. items such as products, services or how to compete. These given examples further accentuate this model's inclusive understanding of strategy, that strategy spans everything a company does, all the operational activities, not just selected change items. While corporate strategy, always represents (neo-)strategic decisions taken at the top, business strategy contains all four decision types. Decisions taken on the corporate strategy level influence business strategy but remain on a higher level. Business strategy is then created in businesses and cascaded into short-term operating objectives through integration into the operational management, i.e. the annual planning. Business strategy spans all the activities a company carries out, making every employee an implementer of strategy and creating room for emergent strategy as part of employees' every day work. Corporate and business structure and integration stand for the right balance of (de-)centralisation and the coordination of shared resources. For this, “integration mechanisms and structures (e.g. a coordinated global matrix) are again important” (Hrebiniak, 2008:4). This coordination is also helped by a clear alignment of roles, responsibilities and accountabilities, as is usually carried as part of the annual planning process. Next, closing the strategy implementation process, is the translation of business strategy into measurable short-term objectives and incentives. Measurable

objectives provide control points, while incentives provide the right motivation for employees to implement a given strategy. Hrebiniak (2005) proposes the use of the Balanced Scorecard for integrating business strategy into short-term objectives and metrics; it “helps to develop and communicate short-term objectives in the area of financials, customer service, internal business processes and learning and growth, and it attempts to link these objectives to company strategy and long-term goals” (p.87). The Balanced Scorecard is frequently used as part of the annual planning processes and belongs to the tools for measuring continuous business issues.

Like Morgan et al.’s (2007) strategic execution framework this model provides an organisation-wide insight into how the strategy implementation process can be managed and organised. However, this framework does not have the same project-management character; it is not an initiative-driven model. Instead it draws on the mechanisms provided through the regular business planning process, i.e. the annual planning process or its equivalent. While the SEF® does not especially mention typical people management systems such as reward and promotion schemes, this framework stresses their importance and embeds the strategy implementation process within. Therefore, contrary to Morgan et al.’s (2007:8) belief that “Hrebiniak comes tantalizingly close to writing the word project but instead dances around it with words like integrated activities, activity systems, processes”, Hrebiniak’s approach is different from their own. Hrebiniak (2005) refers to operational planning systems and processes, those already present within the organisation, thereby fully integrating strategy implementation into operations. The particular advantage of this model is its clear cut distinction between different organisational levels and the cascading of strategy to lower levels. This cascading is explained in a straight-forward way, calling special attention to the difficulties related to issues such as coordination, and is easily applicable to any organisation. However, both models stay on rather high, abstract level and provide limited details about how to translate the strategy into business structure level incentives and controls (Hrebiniak, 2005) or projects (Morgan et al., 2007). This lack of detail makes them adaptable to most organisations, without giving too detailed information on how exactly to implement them. In consequence, each company interprets the models differently and develops their own modes of operation, adapted from past experience and organisational designers’ inputs, which ultimately causes the diversity of processes encountered in the business world.

2.2.3 COMMON FEATURES IN THE STRATEGY IMPLEMENTATION PROCESSES

One of the most cited pieces of research on strategy implementation processes by Alexander (1991) assessed eight strategy implementation models published between 1965 and 1987. Alexander analysed their common features and came to the conclusion that four factors are of very high or high importance – organisational structure and control mechanism (very high), as well as reward systems and Objectives (high) – while another five features seemed to appear but be of lower importance because of their relatively lower rate of repetition – task, people/human resources, information and decision processes, culture and management processes.

Comparing the two processes, initiative-driven and annual planning-driven, to Alexander’s (1991) study’s results, two areas with remarkable differences are evident. These mirror the processes’ particular take on strategy implementation. The initiative-driven model places a high importance on tasks, i.e. making strategy actionable through the cascading of strategy into tasks, projects and programs. The initiative-driven also stands out through the high importance it places on management processes, i.e. the cascading of strategy into projects and programs which requires defined management processes for implementation and follow-up. These two factors, task and management process, further demonstrate the higher level of detail of strategy-content, strong deliberate element of strategy and strong corporate control required by the initiative-driven process model.

	<i>Alexander, (1991)</i>	<i>Morgan, Levitt & Malek, (2007)</i>	<i>Hrebiniak, (2005)</i>
<i>Organisation Structure</i>	Very high	Very high	Very high
<i>Task</i>	Moderately low	High	Moderately low
<i>People / Human Resources</i>	Moderate	Moderate	Moderately high
<i>Reward Systems</i>	High	High	High
<i>Information and decision systems</i>	Moderate	High	Moderately low
<i>Objectives</i>	High	Very high	High
<i>Culture</i>	Moderate	Moderately low	Moderately high
<i>Management Processes</i>	Moderately low	High	Moderate
<i>Control Mechanisms</i>	Very high	High	High

Table 2: Strategy implementation process attributes, comparative table

Considering the implementation process' effect on employee participation, employee-driven change and renewal capacity, the design chosen might also have an influence on, or cause, certain implementation problems a company encounters. This hypothesis is highlighted when taking a closer look into the common pitfalls of strategy implementation as discovered in research and practice. The implementation process, either because of its sheer absence or its rigidity, is often found to be among the more important pitfalls, something that already Alexander (1991) observed, "one key reason why implementation fails is that practicing executives, managers and supervisors do not have practical, yet theoretically sound, models to guide their actions during implementation" (p.74).

2.3 PERFORMANCE PITFALLS IN STRATEGY IMPLEMENTATION

Strategy implementation is an important, a crucial, part of strategy work – it translates plans to actions and is therefore the condition for success. Yet, when looking into practice, "companies nonetheless often fail to operationalise their strategies in ways that improve the likelihood that they will be implemented effectively" (Sterling, 2003:27). While companies sometimes have elaborated brilliant strategies and high motivations for their implementation, many of them do not perform up to their expectations (Mankins & Steele, 2005). Why is this the case? A review of studies on strategy implementation problems will try to reveal the answer to this question by taking a closer look at what these difficulties are, where they occur in the strategy process and which assumptions they hold.

2.3.1 LITERATURE REVIEW OF COMMON PROBLEMS

In the author's analysis of eight studies on strategy implementation pitfalls conducted by academics and practitioners, the same nine problems have been found repeatedly. Among the most common pitfalls to strategy implementation are "Bad Strategy", "Uncontrollable environmental factors", "Ineffective communication", "Insufficient Coordination", "Competing activities", "Inadequate leadership", "Lack of resources" and "Inadequate Information Technology Systems". These pitfalls have been quoted in at least three of the assessed studies. Most of the other problems were found in at least two of the studies.

	Alexander 85, private	Alexander 86, public	Crittenden & Crittenden 2008	Beer & Eisenstat, 2000	Stirling 2003	Wernhem , 1984	Mankins & Steele, 2005	Hrebiniak, 2006
No direct relation to implementation process								
<i>Bad strategy</i>			X	X	X	X		X
<i>More time than expected</i>	X	X				X		
<i>Previously unidentified problems</i>	X	X						
<i>Uncontrollable environmental factors</i>	X	X			X			
<i>Inability to overcome change</i>								X
Communication								
<i>Ineffective communication</i>			X	X	X		X	
<i>Overall goals not understood</i>		X			X			
Cooperation								
<i>Lacking will to cooperate</i>		X		X				
<i>Conflicting individual goals</i>		X				X		
<i>Organisational silos</i>							X	X
<i>Insufficient Coordination</i>	X	X	X	X				X
Operationalisation								
<i>Competing activities and crises</i>	X	X	X	X				
<i>Capabilities of employees insufficient</i>	X							
<i>Inadequate training / instructions</i>	X		X					
<i>Reward Systems not in line with strategy</i>							X	X
<i>Inadequate leadership</i>	X	X	X	X				
<i>Responsibilities insufficiently defined</i>	X						X	X
<i>Lack of Accountability</i>							X	X
<i>Lack of Resources</i>					X	X	X	
<i>Lack of buy-in</i>						X		
<i>Missing Model for implementation</i>								X
<i>Inadequate Information Sharing</i>								X
<i>Strategy not in line with existing power structure</i>						X		X
<i>Inadequate Performance monitoring</i>							X	

<i>Disconnection between formulators and implementors</i>										X
Support Systems										
<i>Inadequate Information Systems</i>	X	X								X
Top Management roles										
<i>Top management ineffective</i>				X		X				
<i>Top-down or laissez-faire management style</i>				X		X				
<i>Poor senior leadership</i>										X

Table 3: Summary of strategy implementation problems

These studies share the assumption that there is a clear allocation of roles and sequencing of activities in the strategy process; first top management formulates an initial intended strategy, then managers (on all organisational levels) implement this given strategy. In strategy implementation problems literature, it seems commonly understood that to-be-implemented strategy is deliberate.

Some of the implementation problems found in the studies are not directly related to strategy implementation but rather with its formation. However, they are all mentioned here, because some of them might be treated partially also through changes in their implementation.

2.3.2 LITERATURE REVIEW OF COMMONLY PROPOSED SOLUTIONS

Academics are as often concerned with potential cures for these problems as they are with their causes. Hereafter is a summary of commonly proposed solutions to strategy implementation difficulties. As can be seen from table 4, most of these solutions could be integrated into an organised strategy implementation process.

	<i>Crittenden & Crittenden 2008</i>	<i>Dobni 2003</i>	<i>Stirling, 2003</i>	<i>Alexander, 1985</i>	<i>Neilson, Martin & Powers, 2008</i>	<i>Wernhem 1984</i>	<i>Mankins & Steele, 2005</i>	<i>Beer & Eisenstat, 2000</i>	<i>Raps, 2004</i>	<i>Hrebiniak, 2006</i>	<i>Higgins, 2005</i>
<i>Superordinate goal</i>						X					
<i>Optimised strategy making process</i>				X	X		X		X		
<i>Involve managers in strategy development process</i>				X	X			X	X	X	
<i>Ownership & Buy-in on all levels</i>			X			X			X		

<i>Decisions are not second-guessed</i>					X				
<i>Get information from operational staff</i>					X				
<i>Good Strategy</i>	X		X		X	X	X		X
<i>Get an implementation process</i>			X						X
<i>Effective Communication</i>		X	X	X			X	X	X
<i>Clear allocation of responsibilities</i>					X			X	
<i>Clear Accountability</i>			X	X				X	X
<i>Clear Prioritisation</i>							X		
<i>Action planning / budgeting</i>			X				X		
<i>More concrete strategy</i>							X		
<i>Sufficient resources</i>	X			X		X	X		X
<i>Rewards system supports strategy</i>	X	X					X	X	X
<i>(Cross-functional)-Cooperation</i>	X				X		X		X
<i>Control - LT goals into ST objectives</i>									X
<i>Effective Performance Monitoring</i>			X				X	X	
<i>Align organisational design and capabilities with the strategy</i>			X						
<i>Not directly related to Implementation Process</i>									
<i>Information is shared quickly through organisation</i>					X	X			
<i>Culture / Shared Values</i>	X	X							X
<i>Symbolic action</i>			X						
<i>Organisational learning</i>	X								
<i>IT system for information sharing and decision-support</i>	X		X			X			X
<i>Develop / Train employee capabilities</i>									X
<i>Good Leadership</i>									X
<i>Top Management support</i>						X			
<i>Effective / Committed Top Management Team</i>							X	X	

Table 4: Summary of solutions for strategy implementation problems

The solutions offered by the literature are as diverse as the potential sources of the problem of ineffective or inefficient strategy implementation. Cross-checking the list of commonly appearing implementation problems with the commonly proposed solutions, it becomes evident that a well-defined, organised and thought out process might be able to address some of the issues or to prevent them from occurring in the first place.

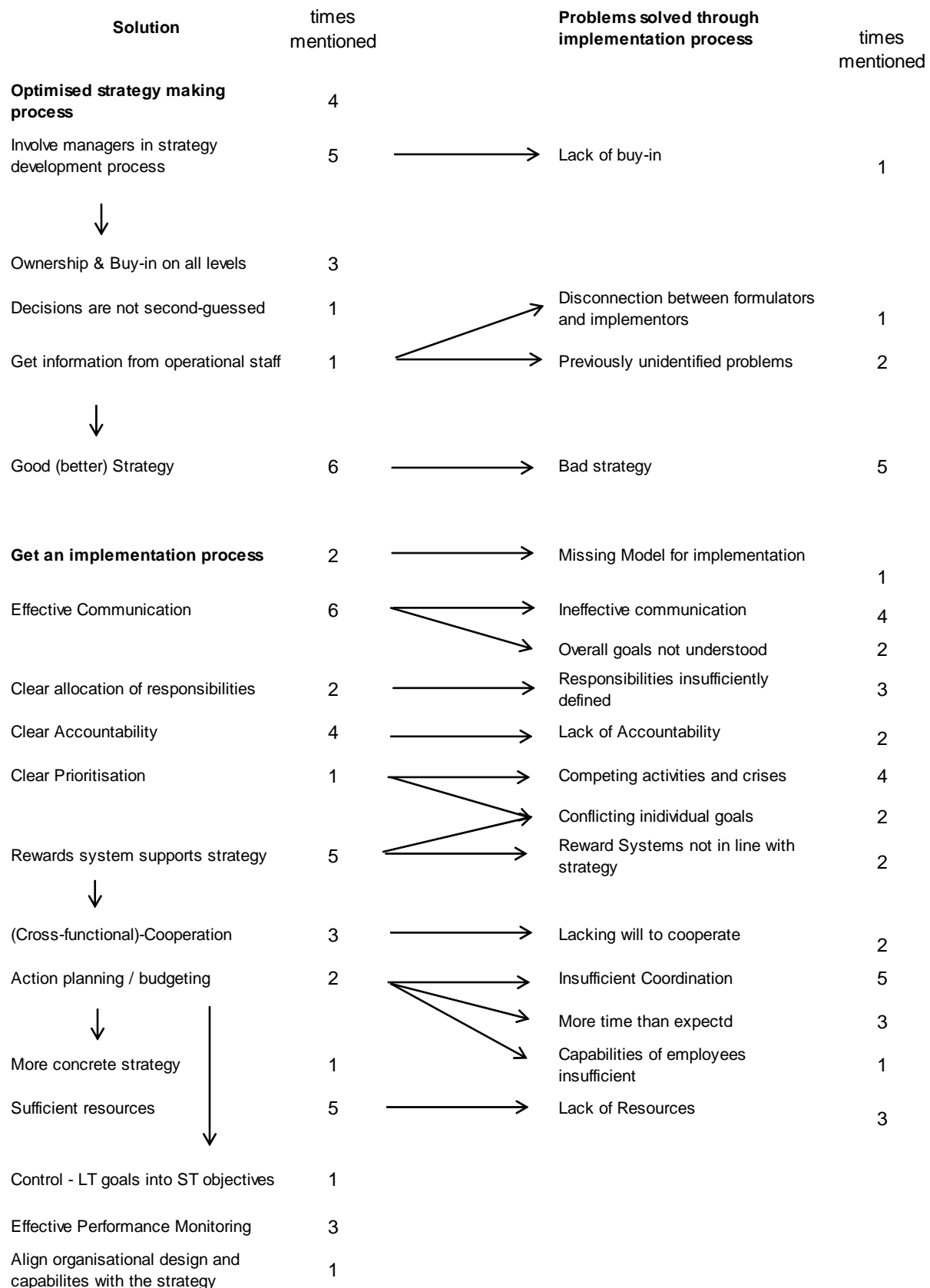


Figure 8: Mapping of strategy implementation solutions with strategy implementation problems

From this it becomes evident that treating the issues related to the strategy implementation process can treat 17 of the altogether 28 documented problems in strategy implementation.

2.4 CONCLUSION OF THE CHAPTER

In this chapter, fundamentals of the strategy process research string have been introduced. The underlying theories on how strategy is implemented have been discussed and will be used in the following chapters in order to assess the strategy implementation processes and problems encountered in an empirical study of four case companies.

The strategy implementation process is part of an organisation's structure; it has a strong influence on how effectively a formulated intended strategy is transformed into realised strategy. In [section 2.1.5](#) the strategy implementation process has been defined to start with the communication of the current year's intended strategy. It comes from top management, is communicated to the rest of organisation and represents the ends towards which an organisation works. So, initially there is always a clear sequencing of formation and implementation, as well as a clear allocation of roles across the hierarchy (Li et al., 2008). However, from there on, differences in processes can be noted. After communication, intended strategy is implemented by organisational members on all levels by means of deliberate and emergent strategy. Deliberate strategy corresponds to the implementation of rightly understood intended strategy; emergent strategy corresponds to the implementation of falsely understood intended strategy or of employees' own perception of strategy (Mintzberg & Waters, 1985). Thus, the extent to which strategy implementation is deliberate or emergent depends on how well the intended strategy is communicated across the organisation and how accommodating the implementation process is for emergent strategy. Table 5 shows the four identifiers that have been developed throughout the literature review that qualify implementation action as either deliberate or emergent strategy:

	<i>Deliberate Strategy</i>	<i>Emergent Strategy</i>
<i>Strategy Goal</i>	Declared strategy by TM (intended strategy) as starting point	Strategy as understood / own idea as starting point
<i>Sequence</i>	Induced strategic behaviour – triggered by rightly understood strategy and shared ideas Formation → Implementation	Autonomous strategic behaviour – triggered by falsely understood strategy or own ideas Formation ↔ Implementation
<i>Decision types taken in implementation</i>	Tactical and operational, (neo-)strategical decisions have been taken in strategy formation	All four types occur, as employees implement their perception of strategy in daily operations
<i>Roles</i>	Top Management makes strategy, Top and Middle mgmt implement	Top and Middle management formulate and implement strategy

Table 5: Summary of identifiers of deliberate and emergent strategy

In more detail, the process, starting with communication, can be assessed based on its rigidity, flexibility and openness to employee participation. Further, the extent to which middle managers are free to “champion” projects and ideas within the strategic context as part of the implementation process is of interest. Another factor that influences the balance between deliberate and emergent strategies in the implementation process is the level of detail of the communicated intended strategy (Moore, 2009). Based on these indicators, a process can be defined as either being more deliberate or more emergent, thus, the level of corporate control is indicated. The more a process accommodates for deliberate strategy, the higher the need for corporate control is.

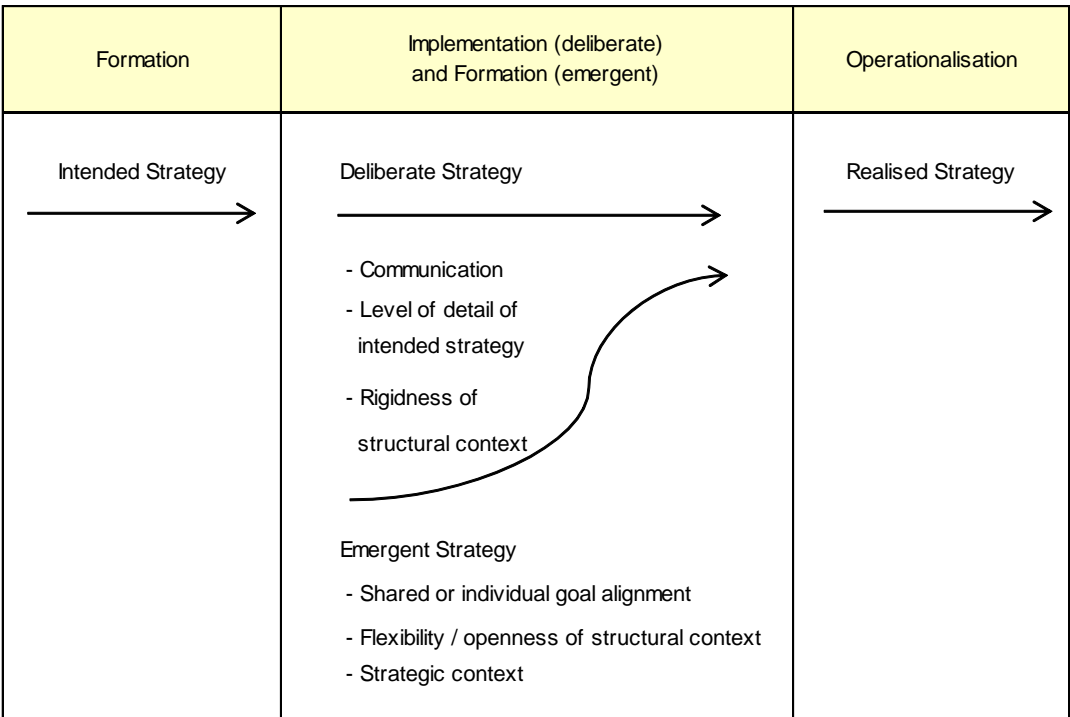


Figure 9: Mintzberg & Waters (1985), adjusted for strategy implementation processes

Translating this concept of deliberate and emergent strategies (Mintzberg & Waters, 1985) as well as the strategy implementation process indicators “role ascription”, “sequencing” and “content” (Floyd & Lane, 2000) discussed in this literature review into the two discussed strategy implementation process design types, initiative-driven (Killing et al., 2005; Morgan et al., 2007) and annual planning-driven (Hussey, 1999; Hrebiniak, 2005), it is evident that the two process types have very different understandings of what constitutes strategy content and how process attributes are composed. While in the initiative-driven process intended strategy is rather detailed and tackles single change items, in the annual planning-driven process it contains operational items. Also, the initiative-driven process is more tightly knit, i.e. it shows stronger sequencing and role ascription, and has stronger corporate control, than is the case in

the annual planning-driven process. In general, the annual planning-driven process shows a higher degree of integration of strategic issues into the operational business and has a higher employee participation rate because all employees are part of implementation.

	<i>Initiative-driven</i>	<i>Annual Planning-driven</i>
Strategy		
<i>Level of detail</i>	Set of initiatives	Corporate and Business Strategy
<i>Content</i>	Change items	Operational business
Process		
<i>Roles</i>	Clear division into Formulators and Implementers	Less clear division into Formulators and Implementers
<i>Sequencing</i>	Strong	Less clear
<i>Implemented through</i>	Action plans; tactical & operational decisions	Annual plans; (Neo-)strategic, tactical & operational decisions
<i>Strategy implementation is driven strongly by</i>	Deliberate strategy	Deliberate and Emergent strategy

Table 6: Attributes of initiative-driven and annual planning-driven strategy implementation processes

In the following empirical study the author will assess each strategy implementation process by its strategy content, process design, relative strengths and encountered implementation problems; strategy content will be identified as either containing all an organisation’s operational issues or only selected change items, the strategy process design will be identified as either initiative- or annual planning-driven, and strengths and problems of the processes will be described and discussed. Subsequently, in the cross case analysis, strategy content and design types will be matched to strategy implementation problems and a potential match between content, design and implementation problems will be established.

3. METHODOLOGY CHAPTER

In this chapter the author will provide explanations on the study's objective, her choice of research design, the details on how and from where the data has been collected, as well as how obtained data was analysed. Furthermore, issues of ethics will be discussed and the thesis results will be evaluated in terms of validity, transferability and limitations.

3.1 OBJECTIVE OF THE STUDY

This is an exploratory study that seeks to understand, in a first step, how the strategy implementation process is managed in four mature internationally active Finnish industrial companies. In a second step, the study aims to discover the company-specific implementation pitfalls within each one of the processes encountered. In a final third step, the study takes an explanatory stand and aims to analyse if specific implementation problems can be assigned to particular strategy content and implementation processes. In light of this objective, the study takes a post-positivist approach, aiming to propose a theory which might be transferable to other, similar settings.

3.2 RESEARCH DESIGN

The study analyses how strategy content and implementation processes are related to strategy implementation pitfalls and aims to provide a theory to help organisational architects choose the right implementation process for their organisation. For this, a qualitative multiple case study is employed.

3.2.1 RATIONALE FOR QUALITATIVE STUDY

Given the theory-building objective of the study, a qualitative method is chosen. Qualitative methods allow a more deep analysis, making use of more detailed data. Interviewees are not limited in their choice of words and expressions, and they have more room to freely share their thoughts. Qualitative research also takes into account non-verbal communication such as breaks between words, signs, symbols or facial expressions – data that remains inaccessible in case of quantitative research. While these have not been used for analysis in this work, their acknowledgement during interviews allowed the researcher to more effectively gather more

detailed data. Moreover, the qualitative approach provides a greater flexibility in terms of topics to be analysed, allowing new trends and topics to emerge along the process, rather than fixing the boundaries of interest too early on in the process. The researcher can conduct an individual in-depth research of every individual interviewee, instead of using the exact same design and approach for all interviewees. As new topics or potential areas of further investigation emerge during one interview, the researcher gets a chance to build upon this new knowledge in subsequent interviews. By making use of this possibility to customise questions to the interviewees' personality, experience and position, the researcher is able to gain a more thorough insight into the individuals' thoughts and rationale, and, thus, altogether a greater understanding of how the strategy implementation process works in different organisations and how it is perceived among organisational members.

3.2.2 A MULTIPLE-CASE STUDY

Piekkari, Welch and Paavilainen (2009) define a case study to be “a research strategy that examines, through the use of a variety of data sources, a phenomenon in its naturalistic context, with the purpose of "confronting" theory with the empirical world” (p.569). In this way, using a case study allows the researcher to dive deep into the workings of one company and understand on the micro-level why things occur the way they do without the need to include broader data from outside of the case company. The researcher is able to obtain a maximum of diverse information which will enhance her ability to find a holistic explanation and build a theory that takes account of all information available. This allows for an in-depth understanding of one particular case, the results of which may then later be transferred to be tested on other cases.

Yet, this study seeks to analyse the phenomenon of strategy work within its real-life context on a broader scale. Rather than just looking at how one case company organises, manages and interacts with its own process, this thesis aims to look at how companies on a more general level do this. Therefore, it makes sense to expand the design from a single case to a multiple case study. Hence, it is not the micro-level within one company alone anymore that the researcher is looking at, but the micro-level within multiple companies. These different micro-level analyses taken together, each one not quite as exhaustively analysed as it would be the case for a single case study (only two or three interviews per case company), make up the new level of analysis for this thesis. While each case company in itself would make a good single case study, taken together, they make a multiple case study design.

The reasons for the researcher's multiple case study approach are two-fold. Firstly, the chosen research question requires this design. This multiple case study design is necessary in order to be able to compare multiple strategy implementation processes, as every company usually employs only one process. Even if a company has no formalised implementation process so that every employee pursues their own process or if one company pursues different processes within different parts of the organisation, this counts as one process, i.e. an unformalised process or a differentiated process as opposed to one identical formalised process for the whole organisation. Secondly, this approach does not look at critical cases, but at the "industry norm", at how any given company implements its strategy. Looking at multiple case companies provides a more "robust" (Herriot & Firestone, 1983, quoted in Yin, 2009) study design and its results are more compelling thanks to the "replication" inherent to the multiple case design (Yin, 2009). By choosing four case companies, i.e. four literal replications where similar results are expected (Yin, 2009), the researcher is able to present a more compelling theory about how strategy content and implementation processes are connected to strategy implementation processes than would be the case looking at just one case company.

Yin (2009) suggests that the multiple case study should start from a developed theory, which might be redefined after each single-case company component has been finished, and then after the individual cases' reports have been written, cross-case conclusions can be drawn, the theory can be modified and implications can be made, before the cross-case report can be written. However, this thesis has no one developed theory as starting point, but instead a collection of existing research on strategy implementation processes and problems. Starting from there, data from the real-life context within the case companies is gathered and analysed. Only in the cross-case analysis phase will there be a theory development. This is the case because of the exploratory nature of this work.

Disadvantages of this design choice are mostly related to the larger need of time required for analysing multiple case companies. As this is a master's thesis, there is not sufficient time to look more deeply into each company than through two or three interviews. This leads to a loss of information, as each case company could provide much more information than only that collected for the purpose of this study. The researcher hopes to make up for this by collecting the most complete and relevant information possible during interviews and selecting the most relevant interviewees.

3.2.3 UNIT OF ANALYSIS AND CASE-COMPANIES CHOICE

When starting her work on the thesis, the researcher contacted various mature, internationally active Finnish industrial companies with the proposal to become the case company in a single-case study on the strategy implementation process. However, responses from the contacted companies were not in favour of a single-study. Instead, the potential participants were interested in seeing how strategy implementation is done on an industry-wide scale. As a consequence, the researcher changed her design to a multiple-case study in order to better meet the needs of the business community and to supply more relevant information to the participating case companies. Accordingly, the unit of analysis of this multiple case study is the strategy implementation process within mature, internationally active Finnish industrial companies.

The case companies have been selected mostly by means of access. Criteria have been that they are Finnish companies, founded in Finland with their head office still in Finland, that they are mature organisations and that their operations are international, i.e. they have a minimum of around 40% of their total sales outside of Finland. Furthermore, only industrial companies have been accepted, i.e. the case-companies' business had to be based in the production of their own products, where the type of products – consumer or capital goods – is not of importance. Another criterion has been that the selected companies are willing to participate with at least two interview partners. Some other companies have signalled interest to meet the researcher for a quick chat, but this deemed unhelpful for the purpose of truly understanding a case company's strategy process.

The selected companies are all mature Finnish industrial companies with at least 40% of sales generated outside Finland. Four case companies have been selected, details on turnover and regional sales figures can be found in [appendix 1](#).

	<i>Employees</i>	<i>Industry</i>
<i>Company A</i>	150	Building & Construction
<i>Company B</i>	4,500	Food
<i>Company C</i>	14,000	Food
<i>Company D</i>	11,000	Capital Goods

Table 7: Case companies

3.3 DATA COLLECTION

This research uses primary data gathered from in-depth semi-structured interviews, but also includes some participant observation in case company D.

For primary data, the researcher conducted semi-structured interviews and, within case company D, some participant observation during the strategy communication event took place. The goal was to conduct the interviews in a style that resembles unstructured, informal conversational interviews as much as possible. This interview style enables the researcher to get highly personal, individual insights into the participants' situation. The in advance prepared semi-structured interview guide was meant only for keeping the conversation going in case no free conversational flow emerged, to verify after the "natural" conversation whether all points have been touched upon and to fall back on in case the conversation has strayed too far from the original ideas. Accordingly, different interviews have varied quite a bit one from another, depending on how talkative the respective interviewee was and how relaxed the interview progressed. This approach fits the purpose of the study to find out what strategy implementation processes are in use in the case companies and which are common problems (particularly for this the semi-structured question guide guaranteed that for all participants the same corner points have been discussed), but it also leaves room for participants to talk about points they consider important in relation to this topic, their perceived role in the process and their personal thoughts on it. From these remarks, not asked for directly, but volunteered on the participants' own initiative, important hints could be picked up by the researcher. Like in "pure" informal conversational interviews, the researcher was building on participants' previous comments and this way was able to dive deep into the participants' thoughts.

The interviews were conducted at the case companies' participants' convenience. Most interviews occurred at the case companies' premises, but one interview was conducted in Café Fazer in Forum in Helsinki, one interview was conducted in Café Fazer in Kluuvikatu in Helsinki and three interviews have been conducted over Skype or Lync. The interviews have all been conducted one-to-one with the interviewer, so that the interviewee would feel free to express their true opinions and insights without fearing to be overheard. Interviews have been conducted in English language because the interviewer is lacking sufficient Finnish language skills to conduct the interviews in Finnish. This was a cause for difficulties in two interviews when respondents would have been more comfortable answering in their mother tongue and

some meaning might have gotten lost in inaccurate translations or expressions. Furthermore, this sometimes interrupted the conversational flow as interviewees were looking for the right words to express themselves. The interviews lasted each between 45 to 100 minutes and there was one interview per interviewee. After the interviews there was an opportunity for the researcher to get back in writing to some of the participants for verification. However, since daily business needs keep the participants busy, only quotes have been send for verification. In addition, the researcher has observed and actively emerged herself in the strategy communication event at company D. This provided the researcher with the opportunity to gain a thorough understanding of one of the implementation process steps within this company by experiencing the process in its natural environment as participant.

The overall time period of data collection, from the first interview to the last, is seven months. One reason for this long period is the fact that the researcher started her interviewing process while on student exchange and finding times for the interviews was difficult. To her opinion, interviews yield better results when conducted in person and she therefore accepted longer timeframes in exchange for better interview results. Another reason for this long period is the lengthy process of finding suitable case companies and participants within them. Participants often did not reply emails directly and had difficulties making time for the interview.

From each company the researcher interviewed three participants; only in case company A there were only two. Participants were selected based on their position in the company and their role in the strategy process, as well as their willingness to participate in the study. After having established contact with the “process architect” and having conducted one interview with them, the researcher asked for further contacts within the same organisation for another interview. These further contacts fulfilled the roles of “implementers” within the strategy implementation process. The criterion for acceptance as participant to this study was their identified role in strategy implementation, i.e. they all had white-collar level jobs with a certain level of decision-power, managerial responsibility and freedom in terms of their work organisation comparable to middle or top management.

Moreover, the researcher used some secondary data from external data sources, i.e. the corporate webpages, for informing herself about the companies and complementing information. This material is used in order to better understand the organisations context.

In collecting the data, ethical considerations had high standards. The main issues at stake were to ensure the interviewees’ anonymity and confidentiality as well as managing their

expectations and giving feedback on the process of the study. Anonymity and confidentiality are assured in order to guarantee that the interviewees' day-to-day actions at work will not be influenced by their participation in the study. The interviews need an atmosphere of trust for the interviewees to open up. However, this was also important for the researcher, because without such an atmosphere, it is difficult to get high quality answers and insights for the researcher. All interviews have been recorded and transcribed with the interviewees' consent. The case companies had to agree that the responses of individuals would be treated confidentially and participation of all participants was voluntary, without any kind of force and with the opportunity to withdraw responses given. The researcher gave feedback on the process of her work and was always available for questions. Moreover, since this is a multiple-case study and two of the participating companies have asked for anonymity the companies remain unnamed. This created some difficulties in quoting, but these difficulties have been dealt with cautiously.

3.4 DATA ANALYSIS

Prior to going deep into data analysis, the data obtained needed to be managed and organised in order to facilitate the following data analysis. All interviews have been audio recorded and afterwards transcribed. However, the researcher also took notes on specific things she observed during the interviews. The transcribed interviews have been entered into the ATLAS.ti software, where it has been coded and treated for further analysis.

3.4.1 ANALYSIS TECHNIQUES AND WORK

Typically, data analysis would occur after the data collection is complete, yet, in this study collection and treatment occurred to some extent simultaneously. The comprehensive nature of qualitative data requires ongoing data analysis right after the first interview. This has two main reasons; firstly, waiting for the last interview to be finished to start the analysis would mean to miss the opportunity to optimise interview questions according to the results of previous interviews. This is especially the case for the semi-structured interviews used in this study, which from the outset will never be identical and each additional interview of experience will make the next interview a greater success with even better insights. Secondly, the long time period between the first interview and the last, seven months in this case, might disconnect the researcher from the topic.

In analysing the data, the researcher applied an adapted version of the framework technique as described by Gale et al. (2013). An analytical framework is described as “a set of codes organised into categories that have been jointly developed by researchers involved in analysis that can be used to manage and organise the data” (Gale et al., 2013:1). The researcher has thus followed the seven steps, increasing at each step the adaption of the process to the empirical study at hand. First, interviews were transcribed (step 1) and the researcher immersed herself in the audio-recordings and transcriptions (step 2). Then, the researcher began to ‘open-code’ (step 3), i.e. “coding anything that might be relevant” (Gale et al., 2013:4), building the codes without pre-conceived ideas about codes. This ‘open-coding’ was carried out for all interviews of case company C. When all interviews for case company C had been ‘open-coded’, the researcher grouped different codes into categories, or code families such as “strategic enablers” or “implementation problems” (step 4). This harmonized some of the codes given. Following this, the researcher merged some codes with identical meaning. When moving on the next case company’s interviews, the researcher used the established codes to code interviews (step 5) and added new codes where the existing ones did not apply (step 4 again). After all interviews of this case companies have been coded, the researcher repeated the harmonization of codes and code categories (step 4 again). This process has been repeated for the remaining two case companies. Once all coding was completed, the researcher went on to chart the codes and code categories in a network view (step 6). Each code family was drawn in a network view with the belonging codes and the codes’ and their quotations’ relationship to each other. The resulting network views indicated the areas for analysis; the understanding of strategy as concept, the workings of the strategy implementation process, the strengths of the process and the problems of the process. From this, the researcher started her interpretation (step 7) by analysing the codes, the relation between the codes and the indexed quotations.

The question of quoting was difficult to approach because of the small number of interviewees in each case company. In order to not give too much indication of who exactly gave the quote, quotes are only indicated by the company from which they come, not the individual source. Also, in writing the quotes, they have been “cleaned”, leaving out pauses and other non-verbal exclamations that are not related to the content. The interviews being carried out in English, the analysis focused on the content of, not the way in which, something has been expressed.

3.4.2 ANALYSIS AND INTERPRETATION

First, an in-case analysis of each one of the four case companies has been conducted, analysing each company's strategy content and implementation process type, its process' strengths and implementation problems. All the in-case findings have been backed-up by quotes from the transcribed interviews for validity. In a second step, these empirical findings have been considered together and weighed against each other in a cross-case analysis in order to compare different strategy implementation processes and their implementation problems. From this cross-case analysis and in combination with the ground covered in the literature review, the researcher was able to present a framework that relates strategy content and strategy implementation process types to strategy implementation problems. This framework has been built from the integration of the empirical study results, the individual in-case analyses, under consideration of the underlying theoretical frameworks from the literature review. Given the strictly qualitative nature of this study, there was no statistical testing. Nonetheless, in order to prove credibility of the outcomes, the built theory is based in known theory as presented in the literature review part. In consequence, this study's framework complements existing theory.

3.5 EVALUATION OF THE STUDY

3.5.1 VALIDATION OF THE STUDY

The study's results fulfil standards for construct validity, internal validity, external validity and reliability. Hence, the study's outcome is credible and replicable.

Construct validity is given by triangulation and the maintaining of the chain of evidence. Patton (2002) suggests four kinds of triangulation; data, investigator, theory and methodological triangulation. The methods chosen for triangulation here are data and theory triangulation. Data triangulation occurred only limitedly because most companies have little documentation, archival material or physical artefacts for their strategy implementation process – interviews are the most reliable and accessible way to assess the strategy implementation process. Financial data and company performance, information more easily available through documentation can only give a hint on whether a strategy was successful or not, but the distinction of which part was successful or failed – strategy content or its implementation – can rarely be drawn from such sources, nor does it give much of an insight on how the strategy has been implemented. Therefore, the author made an effort to interview

multiple interviewees within each case company in order to prevent one-sided opinions and check whether different interviewees described the same processes and problems. Theory triangulation occurred through the wide selection of strategy implementation research and process models as well as published studies on strategy implementation pitfalls in the literature review. The results from this literature review have been used to frame the empirical findings and build the resulting theory. The chain of evidence is provided by having first audio-recorded the interviews, then transcribed them, and ultimately, in this work, having referenced back to the transcriptions by giving direct quotes.

Internal validity is not really an issue in the exploratory phase when looking only at the single case companies and showing their strategy implementation processes and problems. However, in the explanatory phase of cross-case analysis where the strategy content- and process-specific components are linked to implementation problems, this issue has been treated. Here, special attention has been paid to the analysis, making sure that inferences from process to problems are correct.

The study fulfils external validity criteria because, albeit not generalizable, its results are transferable. Given its multi-case study design, a certain level of replication is already included in the theory development. By interviewing employees from different hierarchical levels and roles within the strategy implementation process the researcher creates a holistic view of what is happening in each one of the case companies. Her cross-case analysis combines these insights and lifts them to a higher level of analysis where she builds a theory on how strategy implementation processes are connected to implementation problems. This resulting theory is credible and representative for the case companies. The researcher feels confident that the study could be replicated in any mature, internationally active Finnish industrial company. Yet, the results might vary when conducting the study in other companies, because despite the assumed general cause-effect relationship between strategy implementation process and implementation problems, every company operates in its own specific context which will need to be considered and may have an effect on the results.

Concerning its reliability, the author is convinced that if carried out again, under the same circumstances, the study will yield the same results.

3.5.2 LIMITATIONS OF THE STUDY

The study shows two kinds of limitations; organisational and content-specific issues.

Organisational issues are mainly linked to the method of choice being a case study. Case studies require commitment, i.e. time and access, from the researcher and case companies. Particularly in this case, where the thesis has not been commissioned by any of the case companies but they only opted in as interview partner, this was difficult. Furthermore, the choice of participants was not structured. After an initial contact to the “process architect”, these architects proposed people they felt confident would be a good match for the thesis. There might be a certain bias to select those participants that are most willing to participate or likely to give “extreme” answers – positive or negative. Another issue is the interviewees’ predisposition to share their thoughts, i.e. some might be more eager to share their thoughts and are more open to speak their mind than others, and the language barrier, i.e. the interviewees’ capacity to express their ideas in English. None of the interviewees, nor the interviewer, are native English speakers and command of the language might vary and thus influence the level of detail in which interviewees answer questions. Finally, there is also the issue of whether all information asked has been shared openly. When it comes to analysing a company’s employee satisfaction with their company’s strategy implementation process, an issue at least partly reflected in these results, companies might be sensitive and employees might be tempted to either over- or under-state their opinions according to their mood of the day and current work climate which might make it difficult compare responses directly.

There are also more content-specific issues. The lack of scientific generalisability might pose a problem. This is a multi-case study which will not be entirely representative of a larger sample. Nonetheless, the author aims to present a theory that is as transferable as possible. Instead of a broad generalisable theory, this study provides one that will be transferable under certain conditions and caution. Although the qualitative case study approach is the best one to analyse the different strategy implementation processes and their associated problems, the researcher relies on the respondents’ honesty – a factor the researcher cannot control. Additionally, there is the issue of the semi-structured interviews held in a very loose manner, trying to come as close to an informal conversational style as possible. Their strength to give diverse and very individual information also acts as a weakness, because some selection needs to be made, causing the ignoring of some information, and because the responses are not always uniformly comparable. The researcher needs to select the right answers to pursue further and there is a risk that she might ignore some answers that do not fit the overall picture. This selection of “relevant” answers might be greatly influenced by the researcher’s own bias, whether she is aware of it or not.

4. EMPIRICAL FINDINGS

For each of the four case companies the author will assess their strategy in terms of intention and content, present the strategy implementation processes she encountered and discuss the processes' strengths. Further, the respective strategy implementation problems that have been identified by the interviewees will be discussed. The strategy implementation processes are described using the identifiers "roles", "sequence" and "decision-types", as well as indicators about formality and corporate control, in order to show the balance between deliberate and emergent strategy.

4.1 COMPANY A

The case company was hit hard by the economic crisis triggered in 2008 and is now in a post-restructuring phase. Having been downsized, its processes are streamlined and the workforce is reduced by about 50% as compared to before 2008. In its current form, the company has a functional structure. There is no corporate strategy function.

4.1.1 STRATEGY AS DIRECTION

Since 2008, the company is undergoing a change from its traditional manufacturing-focused to a market-focused mindset and has repositioned its brand from "luxury" to "reliable quality for good prices". Still trying to build the company back to its pre-2008 state, the strategy clearly aims to drive growth. As such, it provides employees with a clear understanding of what they are aiming to achieve through their day-to-day activities, with practical instructions. Looking at the particular content at strategy then, considering that it includes many operational issues, it makes sense that each division has their own strategy, *"strategy work is, is executed basically in these three different BAs, so how to grow in BA Finland is a different story than in BA Global or BA Russia"*.

Yet, these practical instructions are to a large part created in cooperation between top and middle management. Thus, strategy covers particular development topics *"can we develop profitable B2B in Finland? In short period, 2 years, of time"* as well as more general business development *"E.g. presently we have 4 objectives: one is the sales network, then the second is growth in production, I won't go into details, but..."* or operational issues *"calculating prices*

with salesmen”. Strategy is not necessarily equal to change, but includes all those activities critical to business success. This connection of the strategy with daily tasks makes the strategy “practical” to employees.

4.1.2 THE INFORMAL ANNUAL PLANNING-DRIVEN PROCESS

The strategy implementation process is highly informal, and there is no formalised process for the company as a whole. With the strategy formation-phase driven by the CEO and a formal strategy implementation process lacking, strategy implementation lies entirely by the Business Area (BA) Directors. Each BA-Director can choose his own tools and management style for implementing strategy and does so by integrating strategy implementation into operational management routines. Accordingly, many different forms might be found in the different BAs. Schedules and deadlines might be imposed occasionally by the Board of Directors or CEO. Due to this informal approach and the small organisational size there is a strong participation of the CEO in the operational business and strategy implementation. In general, strategy is closely related to operational management.

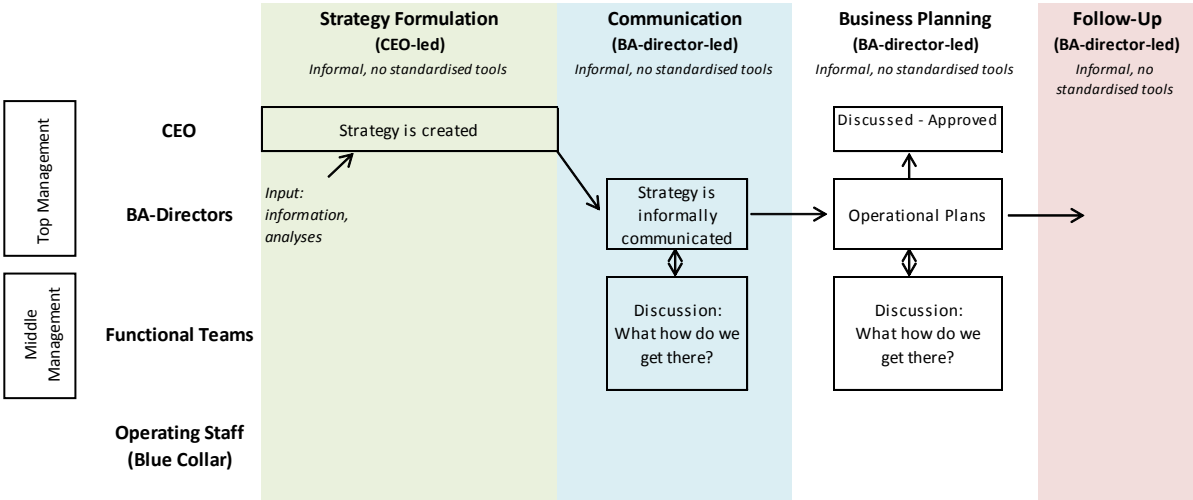


Figure 10: Strategy implementation process, case company A

Case company A’s model corresponds to the annual planning-driven model. However, it displays a high extent of informality. The company runs its strategy process as part of its daily operations. It goes even further into operational details than does the annual plan-driven model, as can be seen from “I think we talk a little about the strategy all the time – me and my foreman (name). And I know something about it before it comes back to me”. The concept of strategy and strategic projects covers most employees’ operational work, “we meet at least

once a month and (my supervisor) tells us what is going on and then I meet my sales men”. The initial starting point for strategy implementation is when the CEO communicates it to the BA-Directors. They take the instructions and are free to act how they choose as long as they think they will be able to achieve the goal through their chosen activities. Accordingly, from the initial outset top management implements the CEO’s intended strategy. However, the freedom they experience in doing so enables all kind four decision types, from tactical and operational to (neo-)strategic, and, thus, there is a big potential for emergent strategy among top and middle managers. The assigned roles are less distinct; while middle managers have the chance to formulate strategy through collaboration with top management or championing their own ideas, *“we set up a target for a couple of years ahead, and then we think about what are the kinds of actions that we can do. So the people are empowered to think about the actions”*, top managers might sometimes participate in implementing tactical and operational decisions, *“Then, how to prioritise this, again, inside my BA we have the balanced scorecard approach, in the corporation we don’t have - we need to discuss with CEO (for cross-division issues)”*. An example for this is the recent brand positioning which clearly shows the bottom-up information flow for strategy formation, *“Yes, yes I have seen. I think most of the main strategies now are somehow... we have, the directors are, which are now working at case company A, they are very new, they have been just a couple of years in our company. And I think the strategy (...) have done people who have worked a long time in (case company A)”*, before the result, the intended strategy as formulated by the top management, is communicated top-down for implementation *“how often, if you look at it from a top-down, bottom-up perspective – would you say is it more top-down or bottom-up? Interviewee: Top-down”*. In that sense, implementation of strategy resembles much a kind of negotiation between middle and top management where *“so what is analysis, what is communication you couldn’t argue”*. Thus, there is a strong element of emergent strategy. However, as in all companies observed as part of this study, top management ultimately ratifies actions and in this case, official and binding strategy formation is done only by the CEO.

<i>Process attributes</i>	
<i>Goal</i>	Given from CEO – general direction and development areas Division-specific: incl. Operational and development items <i>“Does then everybody know, is there a clear ownership and responsibility of the strategy process ? Interviewee: That is the CEO”</i> <i>“ It (the strategy) comes from the board”</i>
<i>Sequence</i>	Initially formation first, Then implementation & formation as part of Implementation <i>“So the direction is given, but the details, objectives inside the business need</i>

	<i>to be created with me”</i>
Decision-types	All four types on all levels <i>“The people are putting the input, I am talking about the middle management, like the guy you just met, they are actually in charge of the actions. Because they know the reality better than the manager”</i>
Roles	Strategy Formation (CEO), Formation and Implementation (Top and Middle Management) <i>“I feel as a manager, I need to communicate the main message then, my team, my organisation is much better than myself to formulate what it really means to their everyday life”</i>
Conclusion	Highly informal, strong emergent elements in implementation, No strict division between strategic and operational issues

Table 8: Strategy implementation process attributes, case company A

4.1.3 STRENGTHS OF THE INFORMAL PROCESS

This highly informal process has three main strengths; flexibility, clear strategy and understanding that strategy is an ongoing process.

One large strength is the process’ inherent flexibility. Decisions can be made quickly, *“And strategy is more dynamic than it is in bigger companies”*, and communication ways are short, *“Yes, it is like that. When I need something I go there and we discuss about”*.

Another strength is that strategy and positioning are clearly understood by the company’s employees. Strategy is communicated by the manager to his subordinates, this communication of the strategy revolves around tasks and operational issues, strategy thus becomes tangible, *“Does it (the strategy) give you a very high-level idea of what to do or is it really a practical guideline? Interviewee: It is practical”*. The strategy is tied directly to people’s reward and bonus schemes through KPIs that are anchored in business figures, *“And, then when we go to remunerations or these kind of things, all the individual targets come directly from the business strategy”*. In addition to providing a good follow-up tool for measuring strategy’s success, this clearly links everyday work to strategy. After the company changed its positioning and brand promise in recent years, most of the company employees now actively share the declared brand identity, *“directors thought that we are just a luxury brand, and make just luxury houses for rich people and everybody is so happy that we are not using that strategy anymore. Because in Finland, we are not so luxury brand, we are just good qualified products for everybody”*.

The third strength of this process is the understanding that strategy is an ongoing process, *“(my manager) tells me (about strategy work on other levels), because we have very often*

meetings, and we meet at least once a month and (my manager) tells us what is going on and then I meet my sales men". Thus, there is a strong interaction between operational business and strategic goals with ongoing follow-up and discussion, "weekly follow-up. Really tight if you compare it to other companies. Once a week we go through all the relevant measures". Especially when continuing from one year's implementation phase to the next formation phase, there is a strong information flow between the implementing and formation level, "so what is analysis, what is communication you couldn't argue". This is a strength that can only be found in small companies with informal management structures, because in larger companies the complexity would just be overwhelming.

4.1.4 PROBLEMS ENCOUNTERED

Case Company A encountered seven strategy implementation problems. However, when taking a closer look at them it becomes evident that they are just the various symptoms of two core problems. These core problems are unaligned target setting and resource scarcity.

<i>Source of Problem</i>	<i>Implementation problem observed</i>
5.1 Unaligned target setting	<ol style="list-style-type: none"> 1. Resistance to cooperate 2. Unaligned target setting 3. Informal process leads to less information sharing across divisions
5.2 Resource Scarcity	<ol style="list-style-type: none"> 4. Too high workload 5. Too many projects 6. Resource Scarcity 7. Having to end projects before they are finished

Table 9: Strategy implementation problems and sources of problems, case company A

The biggest challenge for strategy implementation at case company A is a too high workload because of *resource scarcity*. This is largely due to the company's economic situation and cannot be easily attributed to or solved by the implementation process.

(1) Unaligned target setting causes competing goals among different organisational members and thus inhibits cooperation. "I know whom I can ask for help, but they don't have enough time to help me, because they have enough work in their own department". Thus, setting targets solely in individual employees' own departments without giving an incentive to allocate a part of their time to collaborating with their colleagues leads to resistance to cooperation in situations of limited resources, i.e. time in this case.

This symptomatic issue of resistance to cooperation is also strongly related to the second large problem in the case company; **(2) resource scarcity**. Resource scarcity manifests itself in two ways in case company A; firstly, there is a too high workload for individuals, inhibiting them not only from fulfilling all their individual tasks, but also from allocating some of their working time to help their colleagues with their issues. Therefore, a major reason inhibiting collaboration is that *“we have now too much work”* and *“I think everybody is just looking too much at their own work and try to do it as good as they can. And they don’t take care of other, like for example salesmen’s work”*. This clearly shows that employees on a general level have to deal with large amounts of work, but even more that the current target setting system, occurring only within an employee’s assigned department inhibits collaboration. Moreover, this effect is strengthened by a lacking coordination between divisions sharing the same resources. Since every division manages their own business without a formalised way of sharing information about which actions are carried out in the other divisions, sharing resources is more difficult, *“I’m aware of the challenges in, eg, the challenges in our other BAs, but I don’t know the actions. And there is I would say a constant conflict of interest regarding the common resources, like product development”*. The lack of a formalised system also further increases the workload of management because in addition to their regular tasks, more administrative and process-related tasks need to be taken care of, *“then comes the weak point that the only person who is managing it is myself, and regarding the system, there is no system”*. However, it needs to be mentioned that this is an extreme case. After the company’s turnaround, many corporate functions have been reduced, *“Eg customer relationship program what we are using we used to have 2 people working with it and now we have none”*, leaving the remaining parts with larger amount of support activities that are not directly related to their tasks.

Secondly, resource scarcity causes problems in the management of strategic projects. In case of limited resources and always new arising business and strategic challenges, the company cannot complete all its projects while starting the required new projects. As a result, some projects have to be ended before reaching completion in order to free resources for new projects. Hence, *“quitting something is as important as starting something. Because, you know, you can’t fill a glass over its capacity”*. This leaves some projects abandoned before they were completed, i.e. *“all the time some things are not made”*.

4.2 COMPANY B

Case company B has not undergone any major changes throughout the last years and is in a stable state.

The corporate structure is functional with multiple processes running across the functions. It is by its own admission a “post-matrix” organisation. Instead of being organised within one matrix, multiple matrices govern the interaction of the different functions and processes. These interactions are governed in an internal *“special document of the governance of the company, where we have specified how these roles are divided and who is responsible for what.”* The rules as explained in this handbook are more complicated than those of a common matrix, but due to the high degree of cross-functional and cross-process cooperation required, they manage to identify roles and responsibilities in a more exact manner. There is no strategy function, but the activity is owned by the CEO and a senior Vice President (VP), member of the executive board.

4.2.1 STRATEGY AS GUIDING VISION

The case company’s strategy resembles more a high-level vision than a strategy. By admission of the process architect, *“it (the strategy) is not very precise”*, but instead it is meant to guide through their everyday work

“So people understand that our job is to maximize the value of the (raw material). So, then we all people in the company understand that the key part then is to find new kinds of products on the basis of (the raw material) of our owners, so value-added products in the research, and, R&D department for example, and all the people working in the marketing now, that we have to find value-added, new value-added products all the time, that we need to renew the product range and we have to market and build brands.”

As strategy is meant as a guideline for all activities within the organisation, strategy is equal to operational tasks and all activities the company does can be counted as strategy implementation, *“And, basically in every function, in every position of the company, can understand, can easily understand, if I do my job properly, it’s part of the implementation of the strategy”*. Being owned by a cooperative, the company’s strategy is very simple: to increase the raw material providers’ profit. As such, it is easily understood and internalised by all employees and valid for the whole organisation. There is only this one strategy, or

vision, valid for all. This is a stable strategy, looking to increase the raw material cost as much as possible, and not actively seeking for change – *“the strategy is quite fixed. We don’t change it so often. I think the main strategy, or the main components of the strategy, they have been the same for the past 5 years at least”*. The company opts to communicate a short and easily understood strategy message, supposed to reach all organisational members and intended to influence each individual employee’s work.

4.2.2 THE ANNUAL PLANNING-DRIVEN PROCESS

The strategy implementation process is the same throughout the organisation – one process for all functions and processes. However, the process is not very formalised, but is instead governed by a mix of tacit knowledge, trade cycles and corporate annual planning. The strategy implementation process is fully integrated into the annual planning and operational management – a necessity given the strong influence of its external environment on daily operations. Employees tend to be with the company for a long time and therefore much of the process is governed through experience, i.e. tacit knowledge, and corporate culture.

Since the strategy has been stable for some years now, there is no clear distinction between the formation and implementation phases. Instead there is an ongoing cycle of refining the existing strategy as part of the annual planning process. As such, the process resembles more an iterative circle of formation and implementation through an annually repeated implementation of strategy. The strategy being made and implemented through these annual and trade cycles, there is large participation of middle management in strategy formation in the form of emergent strategy. For example, new products are developed during the trade cycles which might be driving future investment needs. However, roles remain so that higher hierarchical levels carry a higher degree of strategy formation than lower levels. This can be observed in the fact that top management retains its “ratifying” role for investment decisions as well as the fact that annual plans are still approved and changed by top management.

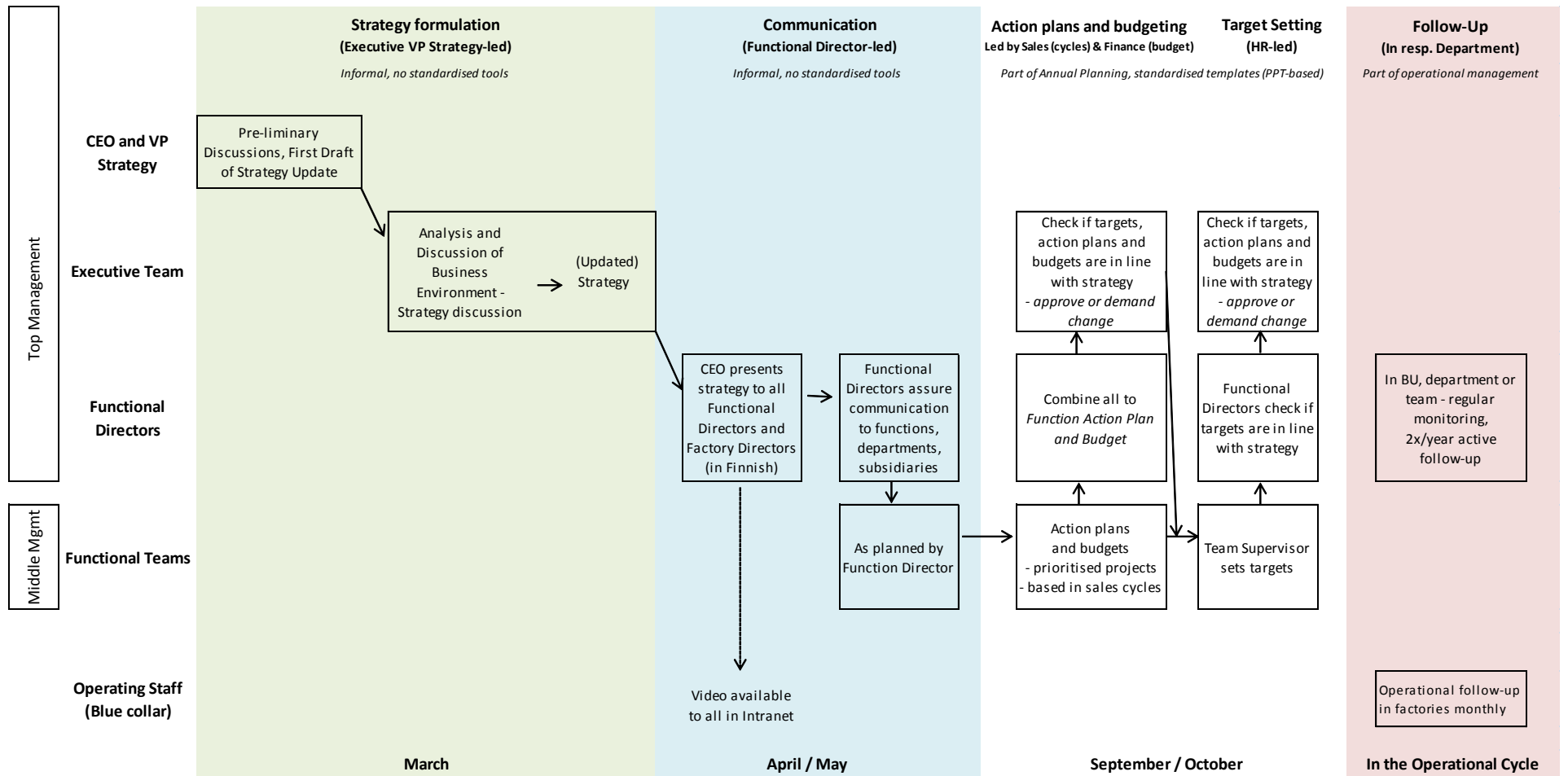


Figure 12: Strategy implementation process, case company B

However, there are many (neo)strategic decisions taken or championed also on the middle management level.

<i>Process attributes</i>	
<i>Strategy content</i>	<p>Very high-level vision communicated top-down and internalised within employees – gives clear direction. Corporate wide-strategy: includes only operational issues and direction Strategic focal areas may vary year-to-year, but are less known.</p> <p><i>“So the strategy acts as basis for the annual planning process”, “In the strategy we don’t have any financial targets. It’s more action-oriented, or direction”</i></p>
<i>Sequence</i>	<p>The main vision being stable, there is a less distinct sequence.</p> <p><i>“When we go to the annual planning part, then it’s all the business units they have their own responsibility for that.”</i></p>
<i>Decision-types</i>	<p>More (neo-)strategic decisions on higher levels</p> <p><i>“But in the strategy we don’t give any exact figures, they come only after the planning process itself”</i></p>
<i>Roles</i>	<p>Top Management formation and “ratification”, Middle Management implementation and less formation</p> <p><i>“I kind of think it has been let to us to take those actions you feel necessary yourself. How did you understand this strategy, then you do those actions. That’s not very... uh.. very tight or very organised way of working or bringing the strategy into live.”</i></p>
<i>Conclusion</i>	<p>Vision is given top-down, but in implementation there are strong emergent elements. The reasons are two-fold; all is possible if argued through vision and the operational nature of the process</p>

Table 10: Strategy implementation process attributes, case company B

4.2.3 STRENGTHS OF THE PROCESS

The process has three strengths; the large amount of freedom granted to employees in carrying out their tasks, the great capability to cooperate across functions and a high level of employee engagement. Considering the informal nature of the process and its base in the operational environment, these three strengths are also a necessity for successful strategy implementation as without them, strategy could most likely not be implemented.

Firstly, the high level of freedom in organising their work allows employees to bring in their ideas and do things their way, *“there are so many different kinds of personalities, and different functions and cultures, and if you make it too formal, it somehow doesn’t work, really. It demands and requires lots of support resources. And in the end you see, that it still*

doesn't work as planned. So, we have given quite a lot of freedom to functions, to heads of functions and directors to implement it, to communicate it as they want". This causes motivated employees to feel that their input is important and works in itself as motivator, "I think it gives those people who want to reach higher and are ambitious and want to do a lot and the effect on things – it is good for those".

Cooperation is enabled by the shared vision, i.e. uniform understanding and agreement, and shared goals. Furthermore, strategy is supported by a simple, but effective bonus system that further highlights this shared vision. Bonuses for all employees come from two sources, one identical KPI for all employees, the cost of the raw material, and one more individualised bonus coming from an employee's direct team, the *"biggest part of the bonus system is the same for all of us. But then there are some, e.g. I am responsible for snacking brands, so the margin or the profitability I get my bonuses from is fresh products or the snacking brands, not cheeses or butter. But the one closest to my own territory. It is basically, how it is divided by BU or category, but not more detailed"*. Thus, there are no individual bonuses. Employees from different areas share the same target, eliminating some of the issues arising from competing goals occurring in other companies. This bonus system matches the inclusive understanding of strategy and underlines the importance of every employee's engagement. Hence, employees know what is expected of them, see their role in strategy implementation and have the freedom to participate to their best ability. This creates strong engagement.

4.2.4 PROBLEMS ENCOUNTERED

At case company B, seven strategy implementation problems have been identified. While the source of some of the problems is the same as in other case companies, the manifested problems are different. The core problems in case company B are resource scarcity, missing link between strategy and action, decision rights not matching responsibilities and the low level of formalisation of the process.

<i>Source of Problem</i>	<i>Implementation problem observed</i>
(1) Resource Scarcity	1. Communication requires time 2. Too many projects
(2) Decision rights to do not match responsibilities	3. Decision rights to do not match responsibilities
(3) Not formalised process	4. Lacking transparency 5. People are less informed

	6. Varying implementation quality
(4) Missing Link between strategy and actions	7. Missing Link between strategy and actions

Table 11: Strategy implementation problems and sources of problems, case company B

The biggest challenge case company B is facing is the *lack of transparency* inherent to highly informal, tacit processes.

The *(1) resource scarcity* causes two kinds of problems, both related to the time the case company’s employees have available. In the first case it is the fact that communicating the strategy costs time. In order to make sure that the strategy really reaches all employees, an immense amount of time needs to be spent. Thus, the company needs to make a trade-off between time spent communicating its strategy and size of the audience it wants to reach. Case company B came to the result that *“but how much to invest on it to make the people who are not interested to try to make them interested. I think that it’s sometimes just not worth it. Doesn’t pay the cost.”* Accordingly, the responsibility to be aware of the details of the strategy lies with the employees. This demonstrates the big difference between this case company and the other ones; employee engagement and participation. Case company B builds its strategy implementation on all its motivated, engaged employees. Employees are aware of the freedom they have in creating their everyday work and the impact they can have on corporate development, as well as of their own responsibility for doing so *“Who is accountable for making the strategy work? Interviewee: Good question, basically I think it is each of us”*. This bottom-up way of formulating strategy as part of annual strategy implementation creates a feeling of ownership among employees *“When we go to the annual planning part, then it’s all the business units they have their own responsibility for that”*. However, this is very reliant on the individual employee’s willingness to be engaged and their proper understanding of the intended strategy. Thus, not investing the time in properly communicating the strategy might prove problematic – especially in such an emergent strategy-driven process.

The company’s “post-matrix” structure causes problem *(2) decision rights do not always match responsibilities*. In order to make projects work, many different functions and processes need to collaborate through the trade cycle and annual planning processes, interactions governed through the handbook and years of experience. There is also a certain level of flexibility and constant change because of external requirements by the trade. The

problem related to this lies in the fact that sometimes the decision rights are not held by the same instance as the responsibility, *“within case company B I think the plans can be changed like this, and they do change like this... And it is, the planning process is more loose, it is not that structure or concentrated as we had inside (my previous employer), very formal templates and schedules and, the process that we went through within each year, the budgeting was much more formal and template focused. It was much more structural”*.

The strategy implementation process at case company B is (3) **not formalised** beyond the operational planning. Strategy communication is done as the head of a function sees it best, *“But that’s not very formal. That’s just something that we ask them to do, but how they make it is up to them. We don’t have any specific tools or process”*, the follow-up is done how it is seen best and even day-to-day use of templates varies according to people’s preferences *“We have kind of templates, but people use it or not, and they fill in the templates that they feel best”*. This allows the personal touch and invites managers to engage. However, this also causes varying levels of implementation quality, *“we have given the freedom for the different heads of department of whatever, to make their own implementation of their communication, and then on the targets and follow-up of the targets, so it means that there are different ways in the different parts of the company how they are implemented. And of course that means that there are better and worse ways of doing it. It’s a result of the fact that we have given this freedom”*. This way, some people in the organisation know more about the latest focus in the strategy, others less. Also, the low level of formalisation offers high flexibility to adapt quickly to market needs *“Here we can, it’s easier to change those, because they are just... I think people think that plans are made to be changed”*. Yet, if plans can be changed quickly and there is no formal way to inform all organisational members of the change, sometimes people are less informed and not aware of the latest situation *“So, if we can change plans very easily, I think it usually leads to a situation where all the people involved are not informed”*. The high flexibility sometimes causes projects to be killed in the last minute, somewhere on the top it is not ratified and stopped without explanation – a phenomenon taken lightly by people with a long work history at the company but confusing for newer employees,

“I think there is the difference between people who have been working for (case company B) a long time and those who haven’t, because e.g. me who haven’t I was very frustrated. Because it was a process that has been going on very long time and many people had done much work for it and then everything was just no-go. But people who had been here for longer time were like ok – that’s it. And I was like ‘ahh’, could somebody give me some kind of explanation but those who were here for longer were just like, okay, this happens”.

This last problem, the quick cancelling of ready-to-market products without further explanations causes problem (4) *missing link between actions and strategy*.

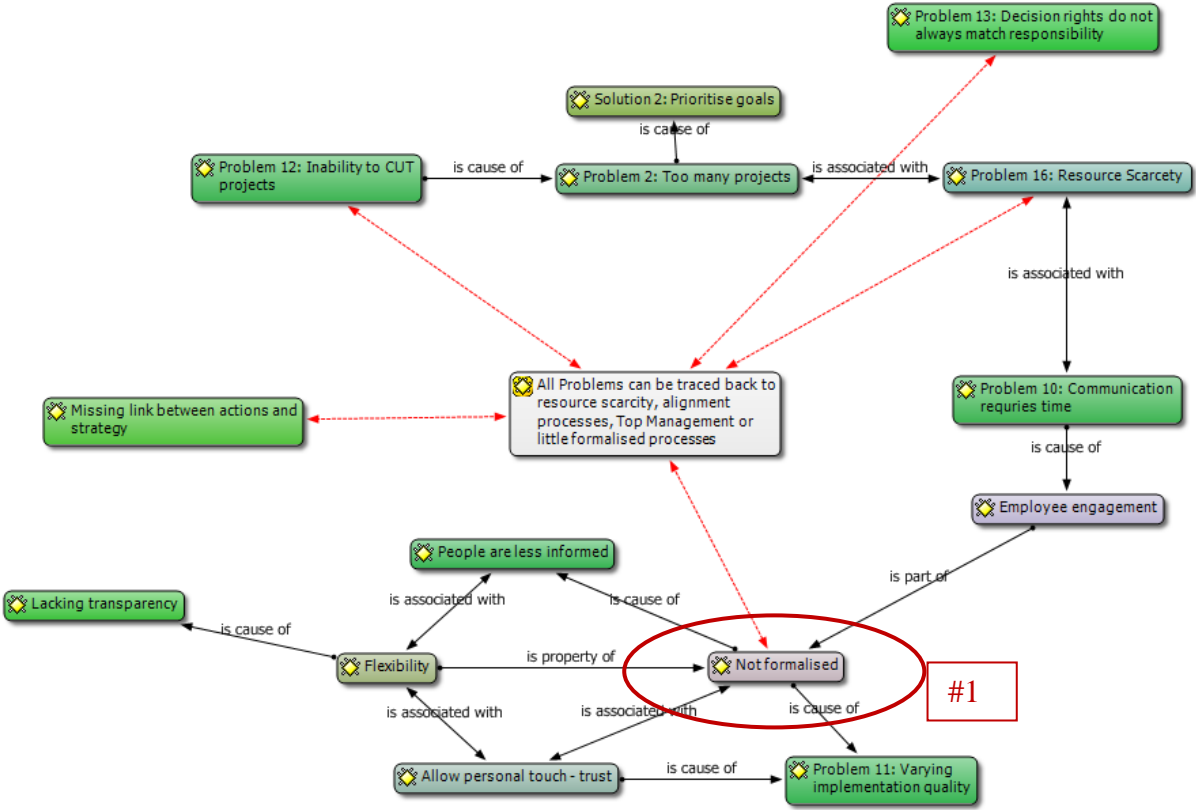


Figure 13: Strategy implementation problems and potential solution, case company B

Finding a solution to these problems is difficult because mostly this process seems to be working well and increasing the level of formalisation might at first sight seem to destroy a well-functioning process. However, by just adding two small, mandatory elements (#1) for project management value could be created. Firstly, updates and sudden changes to projects could be stated and written down in an easily accessible platform (e.g. via email to all participants or in the intranet or some project management software). Information sharing would be facilitated and confusion or misunderstandings might be avoided. Secondly, in that same forum, projects could be officially declared “killed”, including a brief message on why it has been killed – giving an explanation and therewith increasing the link between strategy and actions.

Nevertheless, the introduction of such a system may be the source to other, future problems. Therefore, case company B should consider how grave these issues are and whether it would be worth the risk of “disturbing” the current implementation process.

4.3 COMPANY C

Case company C has not undergone large corporate restructuring, nor large changes in strategy or otherwise.

As a diversified company with multiple divisions, the company operates in a matrix structure. There are three divisions (BAs), each of which operates in various geographic regions and each organised into various functions. In addition to these functions and regions, there are also several processes that run across each BA. The processes are different for every BA. On group-level there is a corporate strategy function that acts as support to the divisions for strategy formation and as coordinating point for strategy implementation.

4.3.1 STRATEGY AS DIRECTION

Strategy in case company C is perceived as those areas that require improvement or development, as well as operational issues. However, it does not distinguish into whether these areas for change touch upon regular operations or only designated strategic projects. Strategy, thus, encompasses a wide range of operational and development issues, and is strongly influenced by the divisions' external environments. Accordingly, each division has its own particular strategy and there is no strong corporate strategy, *“group strategy has just been all together – gluing it all together and presenting the company as a group instead of like 3 individual BAs. It has really been focusing, all the work and efforts, have been focusing on the BAs”*.

Case company C gives very high level strategic objectives, like *“growth”* and *“internationalisation”*, for each of its divisions, presented through the use pictures and images. It is a mix of related or not so related items that, taken together, expresses where the company aims to go. However, this mix of strategy-parts may change from year-to-year and does not communicate a *“universal goal”* or vision as case company B does, but rather a collection of development ideas, *“the latest strategy picture that I have seen concerning (our division) is eight different boxes with different issues”*. While this strategy manages to give employees an approximate idea of what their work should achieve, they do not get any more precise *“instructions”*. Therefore, in every unit the strategy's meaning is cascaded into its particular context, *“we have chosen three topics from the big picture (...) That is the way how we support strategy, because our main, the main target of our team is to, insure that the quality is good (...) And that, quality, is not one of the topics in our strategy map. But it is our*

normal actions that we should manage with these things". Thus, strategy gives a certain direction guiding daily operations, as well as particular (corporate-wide) development items. In that way, it is more specific than case company B's vision, but does not provide a detailed map of how to reach this destination, as case company D does.

4.3.2 THE ANNUAL PLANNING-DRIVEN PROCESS

The strategy implementation process at case company C is not highly formalised. There is a common schedule with key dates for all BAs, as well as a common communication kick-off and corporate-wide follow-up process for selected strategic projects, but no binding standardised process for all BAs. In consequence, the BAs have differing implementation processes, bound only loosely through shared deadlines and communication kick-off. Each BA may choose its own tools and implementation mode. Moreover, there is varying use of the corporate strategy department's services and corporate prescriptions regarding this matter.

This strategy implementation process also belongs to the Annual Planning-driven. Strategy implementation is integrated into the annual planning process, i.e. there is a clear sequencing starting from the communication of intended strategy as formulated by top management with following operationalisation through activity planning and project development. In the course of communicating strategy, top management and middle management cascade strategy to the levels below them – making them both implementers. Yet, communication is not universally managed throughout the organisation and different division leaders can do it their own way. Strategy being implemented within divisions and this freedom in communicating strategy leads to a strong element of emergent strategy; Once intended strategy has been communicated top-down, annual action plans are created bottom-up. Here, is a chance for operative and middle management to take (neo-)strategic decisions and thereby actively contribute to formulating future strategy. A slightly stricter role ascription is the result of a more formalised annual planning process. Slightly different from other Annual Planning-driven model applications, this one integrates a limited number of strategic initiatives into the planning. Strategic initiatives are planned and executed alongside operational business planning. A particular corporate project management program follows up on the development of some selected projects.

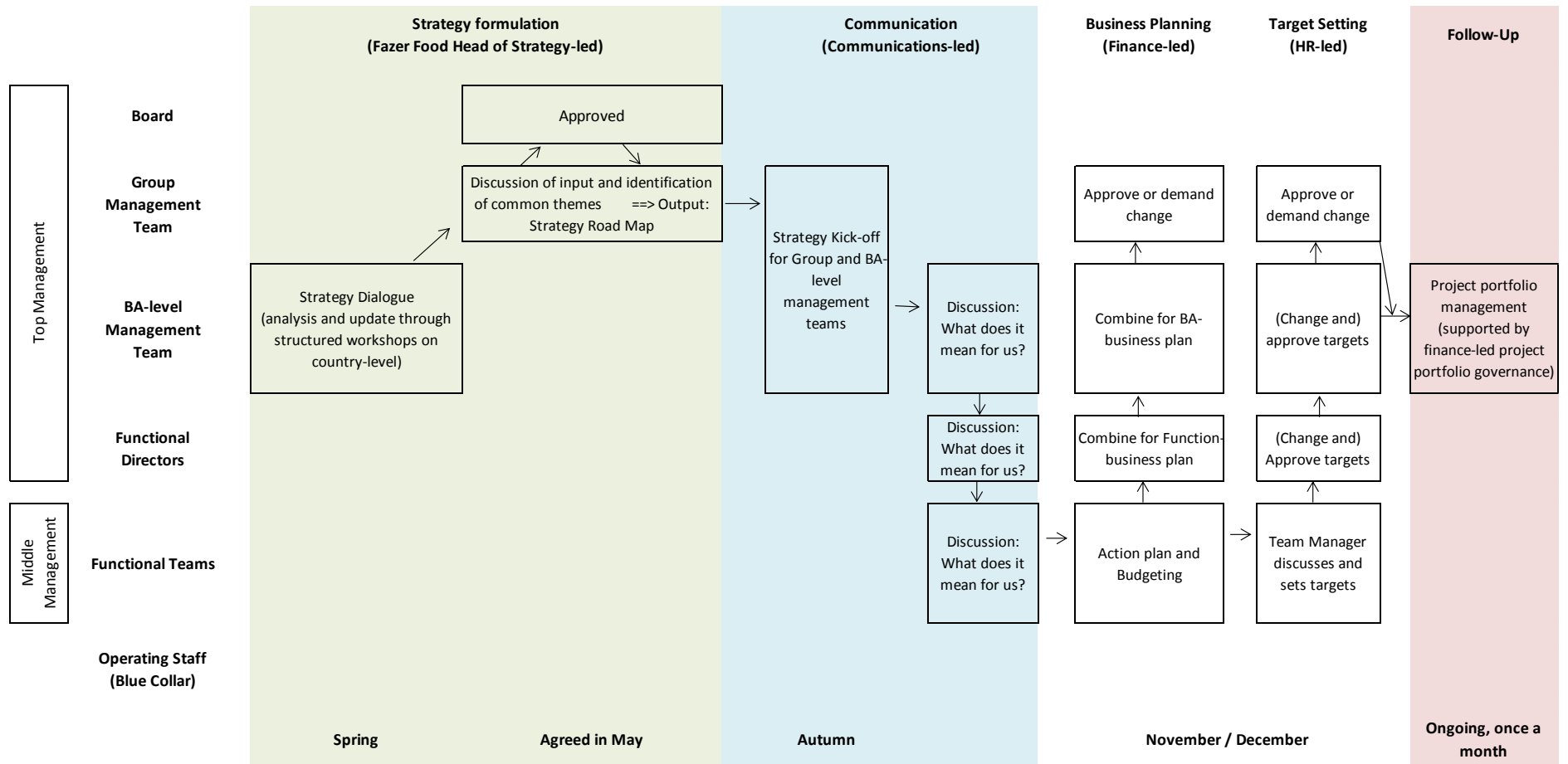


Figure 14: Strategy implementation process, case company C

4.3.3 STRENGTHS OF THE PROCESS

The big strength of this process lays in its adaptability to the divisions' external business environment, *"I think what's really, what's one strength in doing like how we are doing, so not focusing on the group side and putting it into the same format is that we are more sensitive to the actual needs of the business. So we are really doing it from the business perspective, not the company perspective"*. Especially since the three divisions are facing rather diverse business environments it makes sense to be giving the freedom to the different departments to not only have their own strategy content, but also their own way of implementing it. Another strength is the freedom this loosely designed implementation process provides; employees can create their work around the strategic points they consider relevant. Employees can set their actions and tasks, after discussion and approval, themselves and can feel ownership of their tasks, *"people need to think that they have contributed to the content as well"*. Furthermore, they feel that their input is valued, *"I feel that I can pick up those things that I feel are important for our team to achieve the company's targets"*.

<i>Process attributes</i>	
Strategy content	<p>High-level strategy – gives direction, but leaves out the details. Division-specific: incl. operational business activities & particular projects Incl. development areas, but not development vehicle – many unconnected topics.</p> <p><i>"I think that in recent years, they have been communicating the strategy, but quite on high level, as a said, as a vision, collection of different pictures illustrating that different things",</i> <i>"they are in a very operational mode. They are thinking about different projects independently, but they have been lacking the kind of the umbrella, the kind of Road Map, that derives from the strategy."</i> <i>"And that's not enough I think to guide people to understand where to concentrate and what to do"</i> <i>"for (division A) our aim is to have maybe 5 clearly stated strategic initiatives"</i></p>
Sequence	<p>Initial strategy from top, then less clear sequencing</p> <p><i>"So in that sense, the country-plans need to drive towards the BA-strategy. So, in that sense, it is also part of the planning, but it has a strong impact on the implementation. Absolutely."</i></p>
Decision-types	<p>More (neo)strategic decisions on higher levels, but also possible on lower.</p> <p><i>"So, besides this BA-level strategy we will have a country-level, we call them commercial plans, so more concrete, more listing the actual actions what to do."</i></p>
Roles	<p>Top Management formation and "directing", Middle Management as translators in implementation and formulators</p>

“So their (top management) commitment. I think that’s the critical part. Because if they are not delivering the message and setting the targets and directing their organisations, then anything we do from still from outside that, no matter how good our message is, (...), they would still be contradicting to what the day-to-day management would say or do”

“the involvement of all already in the design formulation phase. But I think that is crucial. If you want to have your buy-in for the implementation, you need to already have some involvement and take the key persons already in design phase”, “So it is driven from the group level, owned in the businesses and then approved like one step up”

Conclusion Each division pursues its own strategy closely bound to the external environment. Each division has its own process; they are only bound through shared deadlines. Varying degrees of emergent strategy.

Table 12: Strategy implementation process attributes, case company C

4.3.4 PROBLEMS ENCOUNTERED

In case company C, eleven individual problems have been identified. Assessing these eleven for their cause, six main sources of problems have been found. Some of these are common throughout all the case companies, as for example the everlasting issue of resource scarcity, but others are more closely tied to this implementation process in particular.

<i>Source of Problem</i>	<i>Implementation problem observed</i>
(1) Resource Scarcity	1. Communication requires time 2. Too many projects
(2) Missing Link between strategy and actions	3. Missing Link between strategy and actions 4. Unclear expectations (targets)
(3) Unaligned target setting	5. Unaligned target setting 6. Roles not clear – ownership issues 7. Competing goals
(4) Unaligned resource allocation	8. Unaligned resource allocation 9. Roles do not match decision rights and responsibilities
(5) Joint project management	10. Getting all the people together to discuss the projects
(6) Too abstract strategy	11. Too abstract strategy

Table 13: Strategy implementation problems and sources of problems, case company C

Case company C’s biggest challenges are *project portfolio coordination and cross-functional cooperation*. Pursuing problem sources (1) through (5) for their ultimate effect, they all

inhibit cooperation across departments and functions.

(1) Resource scarcity in case company C is mostly demonstrated through the difficulties of finding the way to communicate the strategy without spending too much time and yet making sure the message arrives and is understood as intended, *“Because it has to do a lot with communication and it’s not easy to deliver messages when everybody are of course busy with their work and you can’t gather everyone together and spend hours of their time”*. As in any other case company, resource scarcity is also shown in the fact that there are too many projects, *“Because there are quite a few. Like dozens of different projects”*. Therefore, prioritisation of strategic goals, and subsequently of projects, is important.

“So much that people don’t actually even know what’s the actual, overall project portfolio guideline. So, ... it needs to be highlighted that these are the most important things. These are the ones we will spend the most time on, we have the money and resources for, and then there might be some other things but the most important things should be with priority1-tag. And, ... in the road map”.

This is closely related to the problem that there seems to be a **(2) missing link between actions and strategy**. There are so many projects ongoing, many of which display strong signs of emergent strategy, and they are all somehow related to the strategy, but they are not connected in view to the division’s overall strategy, *“because somehow I have a feeling that they are in a very operational mode. They are thinking about different projects independently, but they have been lacking the kind of the umbrella, the kind of Road Map, that derives from the strategy”*. The missing link to intended strategy on a project selection and management scale is evident from this, but there is also a missing link on the individual level, *“It’s not logical. There are some empty, empty fields that nobody has created a connection to the strategy. Doing something that I can’t see the connection to the strategy. And it’s not logical. I would do it differently in a way. The implementation if I had the power”*. The prioritisation of strategic goals is thus not only meant to guide project selection, but also to provide a guideline for employees to be able to split their work when time is limited. When a strategy provides clear prioritisation of goals, it also sets clearer targets to employees and enables them to better cooperate, *“so, in that sense, on a higher level the idea is to give people the understanding that if they have to prioritise their work, they know that this is something in the core of strategy and this is something to support. So, if I need to split my time, I know how to do it”*. However, this prioritisation is currently not sufficiently well done on a general level.

An associated problem is **(3) unaligned target setting**, which in its own rite creates unclear expectations and competing goals. *“Each function has their own targets and they have*

focused on these and nobody is looking (at) the whole process". Action planning and target setting is done in functions, not in the newly introduced processes. The same is true for **(4) resource allocation**, *"all the function leaders are keeping their resources in their own hands, and when the processes and activities in processes need resources you always have to fight for the resources"*. As a result of planning within functions, but then operating through functions and processes, certain grey areas arise and people are not always entirely sure what exactly their role is, *"This is a little bit unclear, for our people what the responsibility is, their own and the other people's. So that I think we should be better in this, to describe the responsibilities. Maybe we can describe them, but we are not living like the descriptions are"*. This lacking alignment of new processes with "traditional" ways of allocating targets, resources and responsibilities creates a source for lacking cooperation. Instead of uniting interests around common goals, functions are incentivised to pursue their individual goals. Targets, or individual goals, are not sufficiently harmonised, *"now we have separate targets, every function has separate targets and nobody connects targets to key processes"*, for successful cooperation.

Moreover, there seems to be an issue with getting all the key people together for a **(5) joint project management**. This problem has been tackled with the corporate project portfolio governance program, the effect of which is to be seen, *"But we have been trying to find out what's the right way to govern the whole process or portfolio and it seems that (it is) quite a complex task to get all the people into the same room, have a real discussion about all the projects"*.

Another issue is the feeling among employees that **(6) strategy is too abstract**. The high-level communication gives a direction, but not very precisely so and some of the office employees feel that a clearer set of "instructions" might be useful,

"I think, management team should give us a little bit more details in our action plans. Like I started to tell you, we have those big topics like growth and profitability, where is both a lot of things to do, so, so, some advices where to focus this year. So that they give us too much freedom to choice, to choose those targets what to do and I think it should be more ... detailed, the targets."

This lacking level of detail, or translation of abstract strategy into practical actions, shows one of the core problems. As one interviewee said,

"on a higher level the idea is to give people the understanding that if they have to prioritise their work, they know that this is something in the core of strategy and this is something to support. So, if I need to split my time, I know how to do it. But I think this is a high-level thinking that doesn't, maybe it works for couple levels but of course it doesn't work that way for everybody in every country. So, besides this

BA-level strategy we will have a country-level, we call them commercial plans, so more concrete, more listing the actual actions what to do. So splitting it up a bit and making it more concrete. And I think that will guide the actual work better”,

abstract strategies are translated into operational tasks as part of the annual planning process. However, the initial connection between these tasks and the original, more abstract, strategy depends on each individual’s own environment – for some it is better translated, for others worse. The high level of abstraction in the intended strategy induces emergent strategy. This in turn requires employees, i.e. implementers, to formulate their own emergent strategy. In consequence, there is a lack of clarity in the strategy which contributes to the misaligned project selection and management, as implemented emergent strategy is initially unaligned.

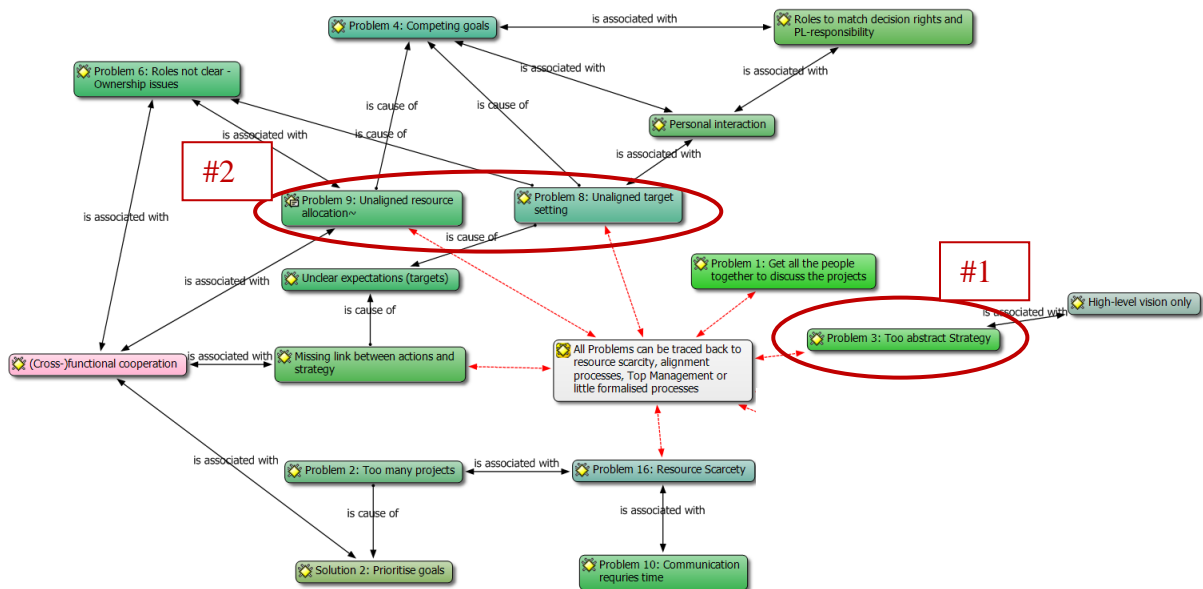


Figure 15: Strategy implementation problems and potential solutions, case company C

Solutions for the strategy implementation problems in case company C can be found in a (#1) more defined strategy or more elaborate communication of the divisions’ strategies. The “umbrella” under which projects are chosen, i.e. the strategy, could be more defined and communicated. For this, strategy need not necessarily be put into more details, but annual plans and strategic projects should be created and selected in a way that connects them more to the intended strategy. Moreover, these problems can be tackled by a (#2) more integrated target setting and resource allocation process after projects and operative actions have been chosen. In particular, processes should be given more attention in order to avoid competing goals, *“if you think about bonus targets, they are all set, they are coming from function targets, not from process targets. So what do you think people are doing?”*, and the introduction of group targets, as in case company B, could be considered.

4.4 COMPANY D

Case company D has recently undergone a major reorganisation as result of M&A-activity. In the course of this restructuring, the entire organisational structure and processes have been redesigned and a new strategy implementation process has been instated.

The case company operates in a matrix structure, it is organised into various divisions, called Business Lines (BL). These divisions interact with several geographical areas, called Business Areas (BA) and some shared corporate functions such as Finance. Moreover, the company has a corporate strategy function which supports strategy formation and facilitates the strategy implementation process.

4.4.1 STRATEGY AS CHANGE

Strategy in case company D is perceived as those areas of corporate performance or development where change or improvement is needed, *“Because with strategic initiatives we are trying to make a change”*. Under this perception, strategy is not stable, but always signifies areas for change. Strategy encompasses those areas upon which focus must be put. As such, regular employees’ work does not fall into the category of strategy implementation, but only the work on issues identified as “strategic”. *“So, there you need to kind of remember that there are kind of ongoing, how to say it, normal operational things, that need to be done. But then there are some things where we need to increase attention and focus and make some changes, then we may give a push to those things, but we still keep on doing the normal things”*. These strategic issues touch issues that are of universal importance for all, thus, despite the company being active in various geographic areas and divisions, there is one strategy for the whole organisation. In addition to that there might be a more detailed lower level strategy, but this one would then need to fit under the higher level strategy.

Accordingly, employees working on strategy implementation have quite an informed view of strategy. They are aware of the specific areas where change is desired and towards which strategy is geared, *“the strategy defines the, a ... bit higher level decisions where to go and how to do it, and then the kind of... how to say it... where to focus”*. Strategy consists of various elements, strategic objectives, in form of must-wins. These are readily defined during the initial formation phase and when implementation starts, with strategy communication, it is channelled through these pre-defined elements. Strategy is cascaded through the organisation by means of projects and actions, making it thus, very actionable, *“what would be good for*

the strategy is that there is a simple, and easy to implement and also straight forward. That is my own view". For the (participating) individual, strategy becomes very tangible.

"It is not just some fancy words, some fancy words on the corporate level and nice story, but it is really going to the actions and I would say if you look at the BL management or BU management teams and their teams, I think it is quite many players down from the corporate level that people are really implementing the actions that are kind of related to the strategy and the strategic objectives"

4.4.2 THE INITIATIVE-DRIVEN PROCESS

The strategy implementation process is highly formalised; the company uses one process with the same timeline, support material, templates and tools for all divisions and functions. This process is owned and supported by the corporate strategy function. Accordingly, the implementation process in any part of the company is the same as that in any other part of the company.

The process corresponds to the initiative-driven model. As such, strategy is not perceived as touching people's everyday work, but only those selected projects corresponding to the top-down communicated pre-formulated strategy. There is clear starting point for the process – top management's intended strategy. Strategy is thus seen as mostly deliberate, hence there is a clear distinction between roles of top management to formulate strategy and to subsequently implement it in cooperation with middle management, *"I think even there the information is coming very much bottom-up. And then based on the bottom-up information we consolidate it to the (corporate)-wide strategy, and then the executive may then decide on some changes to the must-wins, the must-win objectives. And those are again, based on the bottom-up input then it is kind of given back, top-down"*. Hence, information is gathered bottom-up for strategy formation and implementation, starting with communication, has a clear top-down direction with clear directives on which kind of actions to choose. Furthermore, this indicates a clear sequencing with formation initially preceding implementation. Decisions taken as part of implementation are mostly limited to tactical and operational decisions, limiting the room for emergent strategy, i.e. autonomous strategic behaviour, to occur. *"The implementation is done through the must-wins. Those 4 must-wins, we have different levels of initiatives and action-plans"*, where the must-wins are communicated top-down and the initiatives, and the action plans they are made of, have to correspond to one of these must-wins, *"and then the actions are defined in the lower levels. So both, the actions when they define them the first time but then also during the year the corrective actions"*.

Since strategy implementation is seen as very deliberate in case company D there is a need for greater corporate control in order to achieve alignment of initiatives and actions. This demonstrates the great strength of this implementation process.

<i>Process attributes</i>	
Strategy content	<p>Detailed strategy – gives clear must-win areas and must-win objectives. Corporate-wide strategy focusing on areas for change/improvement. Strategy content highly aligned</p> <p><i>“It (guidance) is, it comes from the structure – so that we have the must-wins, the must-win objectives and then the initiatives in the BLs and areas, they need to be linked to the objectives. So that is giving the high-level guidance”</i></p>
Sequence	<p>Initial strategy from top, then clear sequencing with few (neo)strategic decisions as part of implementation.</p> <p><i>“I suppose that as the initiatives are more or less given – these are the ones we need to achieve”,</i> <i>“each team, each manager with some subordinates will then have a team discussion, usually part of their regular monthly meeting, or whatever – then they will discuss about the strategy, to discuss about what does the strategy mean to us, to our team, to everybody in this team and what are the key actions to implement the strategy and meet the objectives.”</i></p>
Decision-types	<p>Most (neo)strategic decisions on top management level, very few below</p> <p><i>“But this, kind of, those calls are made in the lower level, and of course, if somebody in the lower level thinks that this is impossible to do both then the new initiative, he needs to raise it up to the boss. That needs to come bottom-up to kind of, if we need to prioritize things and can’t do all the things that we want to do”,</i> <i>“the action under each of the initiatives are then of course very much area and business specific actions – how do we get there”</i></p>
Roles	<p>Top Management formulates and “directs”, Middle Management are implementers</p> <p><i>“I think even there the information is coming very much bottom-up. And then based on the bottom-up information we consolidate it to the (corporate)-wide strategy, and then the executive may then decide on some changes to the must-wins, the must-win objectives. And those are again, based on the bottom-up input, then it is kind of given back up, top-down”</i></p>
Conclusion	<p>There is one strategy that applies to the whole corporation. This strategy is implemented through a particular implementation process separate from, but parallel to, the annual planning process. Strong corporate control; deliberate strategy is strong, while emergent is limited by the high level of detail of the intended strategy</p>

Table 14: Strategy implementation process attributes, case company D

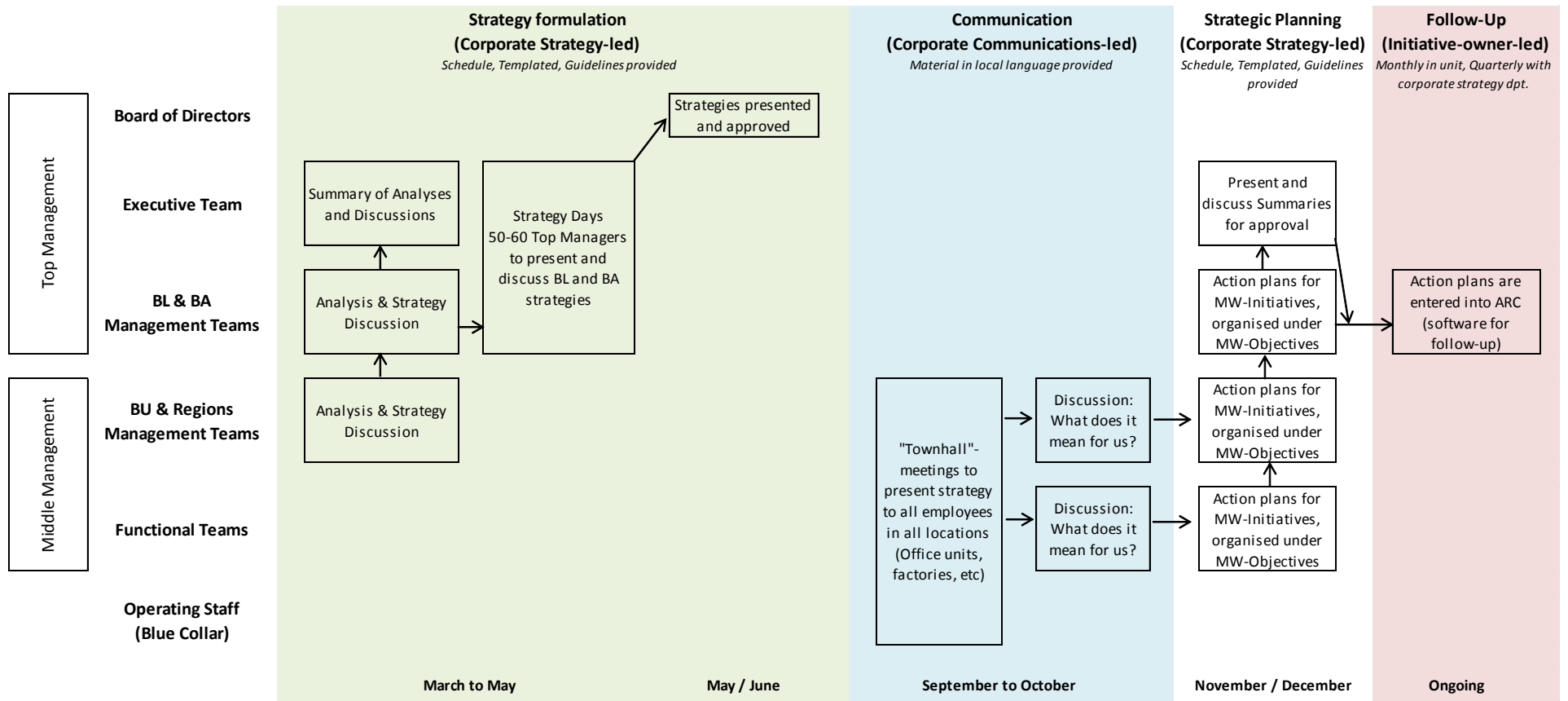


Figure 16: Strategy implementation process, case company D

4.4.3 STRENGTHS OF THE PROCESS

Case company D's strategy implementation process shows three large strengths; clear cascading of tasks and roles through precise action planning, detailed follow-up and a high level of corporate control for a stronger alignment of strategic initiatives.

The adoption of the must-win concept and the initiative-based implementation process has enabled case company D to create clear roles and responsibilities for strategy implementation through action planning, *“And the framework itself is well organised and I don't know from which company we have adopted this, but the framework itself is quite ok and the concept of must-win is also quite good”*. Each strategic action belongs to one action plan, each action plan belongs to one must-win initiative, and each must-win initiative ultimately serves one must-win objective. Within the action planning, one action or initiative owner is designated and his role, tasks, targets and timeline is defined, creating accountability, *“(it is clearly visible who is) the owner and responsible of different initiatives, and within each initiative there is the action plan and then each action also has responsible. So that is very visible, who is responsible for what action”*. Furthermore, the implementers are also participating themselves in creating action plans which creates strong commitment and ownership, *“and those action plans usually involve middle managers who have a direct impact on the... sometimes on the shaft-floor level”*. Moreover, the inclusion of implementers in action planning helps to make sure that all actions decided upon actually correspond to existing business needs. Hence, implementers recognise the need for the action's implementation and are more willing to put their time to the actions' accomplishment, *“the crucial thing is that it has to be related to everybody's daily work, so it helps them to achieve their own targets”*. This fosters collaboration and will to cooperate across business units and regions.

This precise action planning and allocating of responsibilities enables also the high quality follow-up in case company D. In particular the use of the ARC software tool has increased the quality, *“the whole must-win processes is documented in the ARC tool, which allows you to share responsibility of the initiatives and on the action-level you can define the responsibilities and the targets”*, and comfort of strategy implementation in terms of speed, *“we can just open those materials in the ARC systems, and check... that is one way to monitor”*, and ease of use, *“ARC is there, this helps, so you don't need to play with the powerpoints and different colours and different numbers and these things”*. *“It is faster, there is a good visibility of the targets and actions, and... I guess that the big issue is that there are clear targets now in different organisation and everyone sees the connection of the actions,*

which has not been always the case". Thus, managers can quickly access the system and check the status of an initiative or action. In addition to regular follow-up meetings, *"the follow up is done through this specific tool ARC, and follow-up meetings for those must-win implementation status"*, this documentation can be used to make collaboration easier, share information on project progress more quickly and guide implementers in their daily work.

Since strategy is so strongly deliberate at case company D it is not surprising that the third strength of the process is its high level and well-functioning corporate control. The corporate head office gives clear guidance not only on content of strategic actions, but also on the timeline, templates, tools and communication, *"But we give the overall guidance, schedule guidance and templates for the BLs and BAs"*. While still leaving much room for implementers to participate in formulating the details of action planning, the way how it is done is clearly prescribed. This leads to a strong alignment of the strategic initiatives and all employees are aware of the intended effect of each one of their strategic actions. This is enabled by quarterly follow-up meetings with the corporate strategy functions on the highest level developments, *"the teams themselves are controlling the process, and then we report them (to corporate) in our must-wins monthly or quarterly"*, in addition to the more frequent lower level follow-up, *"I would say that more than 90% of the things that are not on track are noticed then in the BLs and areas and they find ways to correct it, how to... kind of make the implementation faster or that they may notice, these are not the right actions and that we may need to change some of the actions that we do to get to the results. So the corrective actions are being noticed"*. However, despite a stronger corporate control than in other companies, not all actions can be followed-up by corporate,

"So that there is, it is impossible to control everything from the corporation, so it is... even if using the tool, all the possible tools, the best tools in the world, it still leaves lots of room for individuals to do things. Otherwise to be able to follow up things, that you really know what is happening in each initiative and action in an organization like us, having more than 10.000 employees and maybe in the ARC system we have 1.500 actions, then it is not just that somebody can do it with their other tasks".

4.4.4 PROBLEMS ENCOUNTERED

Case company D encountered five problems. Yet, a closer look at their source reveals that there are only two sources for these problems; resource scarcity and the high level of formalisation.

<i>Source of Problem</i>	<i>Implementation problems observed</i>
(1) Resource Scarcity	1. Resource scarcity 2. Too many projects 3. Always postponing initiatives 4. Resistance to cooperate
(2) Formalised process	5. Corporate control and update reporting

Table 15: Strategy implementation problems and sources of problems, case company D

The biggest challenge in case company D is a *too wide selection of strategic initiatives*. While the process itself works reasonably well, the only difficulties are found in the selecting the most important issues and channelling these through a more selective group of strategic initiatives.

(1) *Resource scarcity* manifests itself in three ways at case company; too many projects, an ongoing postponing of initiatives and a resistance to cooperate. However, the company seems to have effective measures in use to deal with them. All the symptomatic problems associated with resource scarcity are closely related. When there are limited resources a company needs to select those activities that best suit its goals in order to make sure that the selected activities have sufficient funds to be properly executed, “*that’s why I said that having too many initiatives might become a big problem, because not necessarily we have all those resources to implement those things*”. In case a company pursues too many activities at the same time none of them might be finished to its full potential, “*if you want to achieve too many things at the same time you have too many action plans. And that could become a big problem*” and it seems this might already be the case at case company D “*And as always, I guess that probably we have too many actions there on the list – I don’t know if the initiative is correct or should we try to reduce that one as well. But, plenty of actions and activities ongoing*”. This very fact also causes the third issue, always postponing initiatives, “*That is the reason why the initiatives are not moving forward is that there are not enough resources for it. It can be, or I am sure that it actually is common, that somebody who should be, who is responsible of some important change that we should do doesn’t have enough time for that because of so many other tasks*”. If this is then the case, that people do not have enough time to do their own tasks, they are less likely to be willing to help others with their tasks. “*And if the others are not willing to invest time*”, this then poses the risk of impeding cooperation.

The other challenge is the (2) *high level of formalisation* of the implementation process. While this is also the biggest strength of case company D’s process, it is the source of some

organisational inefficiencies. The need to adhere to corporate standards by filling out certain templates within certain timelines as dictated by the corporate strategy functions costs time, *“But sometimes it also hinders the work, because there are formalities you have to fulfil”* and increases the workload of initiative and action owners *“if there is a certain format that you have to fulfil every now and then it gives you a workload”*. Yet, when asked whether this additional work for alignment is more of a nuisance than the formalised process is a help, the interviewee clearly stated that the processes benefits outweigh their costs, *“Having second thought, I think it is better to have a framework – I wouldn’t say it is hindering the work”*.

One problem not found in the interviews but nonetheless potentially existing is the effect of this mainly deliberate strategy-driven implementation process. Since all strategic initiatives and actions need to correspond to one of the must-win objectives and must-win initiative as given in the intended strategy, *“So to think about or device some appropriate action plans for the specific initiatives requires quite a lot of discussion, brainstorming and analysis to come up with precise action plans”*, major autonomous strategic behaviour might be prevented and the company might be missing out on great opportunities for change and development. With this process, it is necessary that top management listens very closely to line managers and lower level ideas in order to make sure that potential autonomous strategic behaviour that is suppressed in the implementation process can occur in the initial formation phase, *“Well, from the top comes the main must-win topics, then there is the initiative under each of the must-wins; my understanding is that there is an integration of different opinions, proposals from the areas and BLs”*.

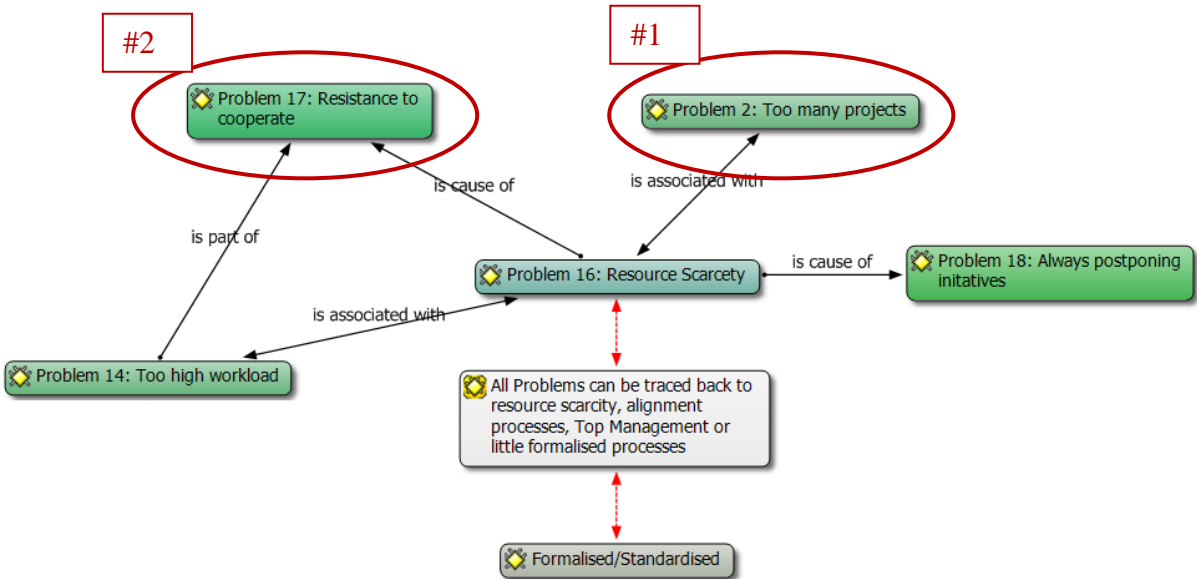


Figure 17: Strategy implementation problems and potential solutions, case company D

The solution to these problems can be found in a more strict selection of projects. The different must-win objectives and initiatives as given from the top management's communicated intended strategy might be even more adjusted to the different divisions and the most important eight out twelve initiatives could be chosen to reduce the (#1) number of projects. This way, resources, in particular implementers' time, could be allocated more effectively and the individual actions and initiatives might bear more fruits earlier. The time that would become available through this measure could prevent the (#2) resistance to cooperate, which is currently triggered exclusively through lack of time. Further, one of the interviewees mentioned the fact that the more each individual action is helpful to every organisational member, the greater each individual's willingness to help and cooperate is, *"the crucial thing is that it (the strategic initiative or action) has to be related to everybody's daily work, so it helps them to achieve their own targets"*. For this, employees need to understand not only their own problems but also those of others, and all have to have a common goal. Therefore, the two-way information flow during the initial formation phase is crucial in making sure strategy takes care of actual organisational needs. Moreover, the subsequent communication process needs to guarantee that all employees get the same understanding of what is the strategy and why it is like that, *"so everybody sees the same ball..."*, and the strategic planning phase during implementation needs to be inclusive inviting concerned individuals to channel their own actions towards this end, *"... and we are playing the same ball game"*.

5. CROSS-CASE ANALYSIS

Comparing the overall performance of the four strategy implementation processes, there are two processes that show fewer and less severe problems than the other two processes; the two “most pure” processes. In table 16 severe problems are marked in dark red, while less severe or potential problems are marked in light red.

		Company B	Company A	Company C	Company D
From Literature Review	Lack of buy-in	-	-	-	-
	Capabilities of employees insufficient	-	-	-	-
	Bad strategy	-	-	-	-
	<i>Too abstract strategy</i>	-	-	+	-
	Disconnection between formulators and implementors	-	-	+	-
	Previously unidentified problems	-	-	-	-
	Missing Model for implementation	-	-	-	-
	<i>Informal process leads to less info sharing</i>	-	+	-	-
	<i>Missing link between strategy and actions</i>	+	-	+	-
	<i>Varying implementation quality</i>	+	-	-	-
	<i>Lacking transparency</i>	+	-	-	-
	Ineffective communication	-	-	-	-
	<i>Communication requires time</i>	+	-	+	-
	<i>People are less informed</i>	++	-	-	-
	Responsibilities insufficiently defined	-	-	-	-
	<i>Roles not clear</i>	-	-	++	-
	Lack of Resources	-	++	-	+
	<i>Too high workload</i>	-	++	-	+
	<i>Too many projects</i>	+	+	+	+
	<i>Having to end projects before they are finished</i>	-	+	-	-
	Overall goals not understood	-	-	-	-
	Lack of Accountability	-	-	-	-
	Reward Systems not in line with strategy	-	-	-	-
	<i>Unclear expectations (targets)</i>	-	-	++	-
	Conflicting individual goals	-	-	+	-
	Lacking will to cooperate	-	-	-	-
	<i>Resistance to cooperate</i>	-	++	-	+
	Insufficient Coordination	-	-	+	-
<i>Unaligned target setting</i>	-	++	++	-	
<i>Decision rights do not match responsibilities</i>	+	-	+	-	
<i>Unaligned resource allocation</i>	-	-	++	-	
Competing activities and crises	-	-	-	-	
More time than expected	-	-	-	+	
<i>Always postponing projects</i>	-	-	-	+	
New	Inability to cut projects	+	+	-	-

Purely Annual Planning Mixed Mixed Purely Initiative

Table 16: Strategy implementation problems, all case companies

From table 16 one can see that each strategy implementation process has its own strategy implementation problems. These problems can be approached in two ways; by looking at the strategy content and by looking at the implementation process design. This is a reasonable approach because those two parameters determine the “extreme” ends of a continuum along which all strategy implementation processes can be drawn.

5.1 COMMONALITIES AND DIFFERENCES IN THE PERCEPTION OF STRATEGY FORMATION AND IMPLEMENTATION

However, first, one step back needs to be taken. When comparing the companies’ differing views on what constitutes strategy formation and its implementation and how they are managed, the first issue that became evident were two questions about the delimitations of the strategy process: firstly, where does formation end and implementation begin, and, secondly, where does implementation end and operational management begin? While the first question can be readily answered with the help of this thesis’ literature review, the second one needs some analysis. Interestingly, questions about strategy formation have been answered more clearly and uniformly also by the case companies, while questions about strategy implementation have been answered more diversely and contradictory. Therefore, this study itself demonstrates and further proves this well-known problem of strategy implementation; its high level of ambiguity.

5.1.1 CLEAR ROLES AND SEQUENCING FOR DELIBERATE STRATEGY

Initially, strategy formation ends with top management’s first attempt at communicating it. Definition point #5 from the literature review states that all implementation starts from a pre-conceived goal (Li et al., 2008) and all case companies agree on this point. Moreover, all case companies agree that intended strategy is made by top management. This point in particular shows that when referring to strategy implementation, most companies have deliberate strategy in mind, and deliberate strategy is always preceded by intended strategy formation. While the subsequent phase of implementation might include large elements of formation, i.e. strategic or neo-strategic decisions as part of strategic or annual planning, it is still part of the implementation phase because it aims to operationalise the communicated intended strategy. This communicated intended strategy triggers induced strategic behaviour, i.e. deliberate strategy. Another point on which all case companies agree is the importance of bottom-up

information for this intended strategy formation process, making all organisational members below top management collaborators to strategy formation, but not necessarily themselves formulators of intended strategy. Thus, this strengthens the clear division of roles in deliberate strategy, a fact also described in Floyd and Lane's (2000) competence deployment subprocess.

Shared assumption	Company A	Company B	Company C	Company D
Initially strategy formation precedes implementation	<i>My BA's strategic objective is clearly to double the turnover in Finland and then the strategic dimension is to work profitably</i>	<i>So the strategy acts as basis for the annual planning process</i>	<i>... top management commitment is one of the key elements. So that they commit really to give the message... and communicate to their organisations</i>	<i>We have the must-wins, the must-win objectives and then the initiatives in the BLs and areas, they need to be linked to the objectives</i>
Intended strategy is created by top management or CEO	<i>It's integrated to a board of directors' annual check. So e.g. the next meeting in May, strategy is number 1 on agenda.</i>	<i>Basically, the CEO is responsible for the content. And he's very interested about it. But in the executive board we go and discuss very deeply</i>	<i>It (strategy) is mainly done by management team</i>	<i>The guidance and the framework is given Top-down.</i>
Lower levels provide information as input to initial strategy formation	<i>People are putting the input, I am talking about the middle management, like the guy you just met, they are actually in charge of the actions. Because they know the reality better than the manager.</i>	<i>By very deep discussions about the external environment, internal picture of the company and of course anyone has, from each function of the different members of the board, knowledge of some specific things he or she wants to discuss, would like to include it in the strategy.</i>	<i>I (...) give input from the field (...), how are things implemented in (Point of Sale). And then I collect the information once a year (...), that we have made during the year and they use this information when they start the strategy process doing this analyses.</i>	<i>I think even there the information is coming very much bottom-up. And then based on the bottom-up information we consolidate it to the (corporate)-wide strategy</i>

Table 17: Case companies' shared perceptions of strategy formation

5.1.2 LESS AGREEMENT ON THE IMPLEMENTATION PHASE AND EMERGENT STRATEGY

However, the second question is more complicated; it is not as readily answered by the literature and the case companies do not share a common understanding. Is strategy only change or is everything a company does part of its strategy? The answer to this question strongly depends on each company's own understanding of what strategy is and how it is made. Mintzberg and Lampel (1999) express this by pointing out the various perspectives managers may take and the "strategy school" they adopt for their organisation's strategy work. Further, is strategy implementation equal to operational management? This question is tightly linked these "perspectives" on strategy, i.e. the purpose and content of strategy within a given company, and has a strong influence on the strategy implementation process chosen.

Table 18 shows the four strategy implementation processes found in the four case companies with their assumptions about what constitutes strategy and process components.

	<i>Company A</i>	<i>Company B</i>	<i>Company C</i>	<i>Company D</i>
Strategy				
<i>Level of detail</i>	Direction and set objectives	Vision	Direction and set objectives	Set objectives
<i>Operational/only Strategic</i>	Operational and strategic	Operational is strategic	Operational and strategic	Strategic
<i>One strategy for all divisions</i>	No	Yes	No	Yes
Initiative-driven				
<i>Strategy consists of action plans</i>	X			X
<i>Clear division of roles</i>			X	X
<i>Strong sequencing</i>				X
Annual Planning-driven				
<i>Strategy is operational planning</i>		X	X	
<i>Less clear role division</i>	X	X		
<i>Less clear sequencing</i>	X	X	X	
Strengths <i>(supporting quotes see chapter 4)</i>	Cascaded meaning of strategy Flexibility Ongoing strategy process	Freedom Cooperation Employee engagement	Freedom Adaptability	Cascading meaning of strategy Follow-up Corporate control
Weaknesses <i>(supporting quotes see chapter 4)</i>	High workload	Limiting the project portfolio Lacking transparency	Coordination Project portfolio management	Limiting the project portfolio

Table 18: Four strategy implementation processes with their strengths and weaknesses

In the following, both, the strategy content's and the strategy implementation process type's effect on strategy implementation problems, will be assessed.

5.2 STRATEGY CONTENT AND IMPLEMENTATION PROBLEMS

Taking a look at the empirical findings from the case companies it shows that two of the companies with least implementation problems have both a very clear understanding of what strategy means to them. Both have a very different perception from one another, but the

important point is that their respective views are clear and shared throughout the organisation. All employees within the company know what their company's strategy is, thus, they know what is expected from them and how their actions feed into the implementation of strategy. Case company B sees strategy as a high-level vision guiding all activities of the company, including all operational tasks. Hence, implementation is seen as very closely related to operational management and all employees hold an implementing position. Case company D sees strategy as only defined areas for change, translated into particular actions for selected implementers. Thus, there is a clear distinction between strategic issues and operational management, making strategy implementation a task of few rather than a task for all.

	Company B	Company C	Company A	Company D
<i>Too abstract strategy</i>	-	+	-	-
<i>Missing link between strategy and actions</i>	+	+	-	-
<i>Communication requires time</i>	+	+	-	-
<i>Roles not clear</i>	-	++	-	-
<i>Conflicting individual goals</i>	-	+	-	-
<i>Resistance to cooperate</i>	-	<i>Lacking-Clarity</i>	++	+
<i>Unclear expectations (targets)</i>	-	++	-	-

Vision only Direction through high-level items Direction and selected detailed items Selected and detailed change items only

Table 19: Strategy content related implementation problems, all case companies

Case companies A and C are in between the two; strategy is less all-encircling than a vision but gives only a vague direction through certain year-to-year changing high-level items to case company C and a general direction with clear strategic change points to case company A. While every employee implements strategy to come extent, the ones involved in these strategic projects hold a somehow special position for strategy implementation. However, both case companies consider also operational issues to be strategic. So strategy includes operational issues, but also integrates certain strategic change, or improvement, projects. These cannot be considered equal to strategic initiatives in the same sense as in case company D because they are not the sole pillars of strategy but rather as additional areas of special focus.

Companies that have only a vision as strategy, provided that it is successfully communicated and shared throughout the organisation, manage to create a shared goal among all its organisational members. Simplicity in the message in operational-content strategies is even

more important than in initiative-content strategies, because the vision needs to be understood by all organisational members, not only some selected implementers. When strategy is a vision, employees have a relatively higher degree of freedom in formulating the strategy that defines their work. Goals are not yet broken down for them individually, but will be created as part of the business strategy, i.e. divisions' operational planning. This fosters cooperation and willingness to cooperate as potentially conflicting goals are addressed right away and thus as best is possible avoided. However, on the flipside of this strength, not discussed in the literature, is this approach's weakness; not all activities or decisions taken in the organisation are always seen as linked to the strategy and a clear structure might be missing. Because instructions from strategy are limited, a wide array of activities is possible and the responsibility of choosing the right path lies with the division – there is strong emergent strategy. This leads to the fact that sometimes, not all activities always seem connected and alignment might be weak as implemented emergent strategy only becomes formalised as intended strategy in subsequent strategy cycles. However, stronger alignment would be detrimental to the desired effects. This can be seen in case company B; the company thrives under its high employee engagement and renewal from within. Limiting employees' freedom to try new projects might cause projects not to stray so far anymore, but the potential for new product innovations and employee-driven change might also be curbed this way.

Companies that have only a few selected strategic initiatives as strategy, provided that they are successfully cascaded through strategic planning and systematically followed-up in the implementation process, manage to translate strategic objectives into tangible individual goals for implementers. Thus, they are making strategy highly tangible to these implementers and implementers can easily link their actions to the strategy. However, cooperation becomes more difficult. As goals are cascaded to the individual-level the risk of competing goals or “this is not my job”-attitude, especially in times of limited resources, increases, leading to a resistance to cooperate. This problem group has been found in case companies C and D. Also, employees might feel less inclined to think “outside the box” – deliberate strategy tells them what to do, why reach further? Furthermore, an issue not observed in the case companies but nonetheless likely to occur is a disconnection to strategy among non-implementers. While strategic initiatives might include operational issues, not all operational activities in a company are considered to be part of or drive strategy. Therefore, non-implementers might not feel ownership of or entirely understand the company's strategy.

Companies in between these two extremes encounter more problems. The pure vision-approach and the pure initiative-approach, if managed right, both convey a clear message to

those people they consider to be implementers. Implementers know what is expected of them and where their company aims to go. For employees of companies with neither a clear highest-level vision, nor precise objectives articulated through action plans, this is more difficult. They are lacking the shared common goal driving cooperation in vision-driven companies, as well as the cascaded, detailed, individual tasks and goals in purely initiative-driven companies. In consequence, in addition to having both the problems inherent to vision-driven and initiative-driven companies, they also have problems related to their strategy-structure; employees' roles in relation to strategy and targets are not clear, and individual goals are not sufficiently coordinated so that they are competing, hence, further inhibiting cooperation. Also, when strategy is more precise than a vision but less precise than a set of actions, it might be difficult for employees to grasp what exactly strategy is and strategy itself might appear abstract and confusing instead of guiding their actions. Li et al. (2008) state in their definition of strategy implementation (definition point #6) that managers and employees aim to "achieve strategic objectives" (p.6), so if these strategic objectives are not clearly understood, implementation problems are likely to occur. Thus, this empirical study showed that when strategy is more precise and short-term than a vision, the closer it is defined in terms of activities, the more tangible it becomes for employees.

5.3 THE STRATEGY IMPLEMENTATION PROCESS AND IMPLEMENTATION PROBLEMS

The empirical findings also support a division of strategy implementation problems along the continuum of annual planning-driven and initiative-driven implementation problems. Each extreme end of the continuum shows less and less severe implementation problems than the approaches in the middle and, as was already the case for strategy content's relation to implementation problems, each extreme has its own set of issues.

The annual planning-driven process usually evolves more around what needs to be done every year in terms of content than around how it is done. It tends to be a planning exercise around budgets, sales planning and operations planning. Typically, it is done similarly every year. Hence, despite some degree of formalisation, there is a high degree of tacit knowledge and practices that dictate how annual planning is done. Integrating strategy implementation into this system of annual planning makes strategy implementation less formal, less organised than

if it were done in a separate process. Accordingly, strategy implementation is handled differently in different parts of the organisation leading to a varying quality of strategy implementation. Also, the lack of an official process particular to strategy implementation leads to less transparency about why a project has been ended and less sharing of information about changes in projects. All these problems can be classified as problems related to the informality of the implementation process and information sharing and are most easily found in annual planning-driven strategy implementation problems.

	Company B	Company A	Company C	Company D
Disconnection between formulators and implementors	-	-	+	-
Informal process				
<i>Informal process leads to less info sharing</i>	++ <i>Limited information flow & Effects of informality on quality</i>	+	-	-
<i>Missing link between strategy and actions</i>		-	+	-
<i>Varying implementation quality</i>		-	-	-
<i>Lacking transparency</i>		-	-	-
<i>Communication requires time / not always invested</i>	+	-	+	-
Resource Scarcity				
<i>Too high workload</i>	-	<i>Caused by lacking corporate infrastructure</i>	-	+
<i>Too many projects</i>	+		+	+
<i>Having to end projects before they are finished</i>	-		-	-
Resistance to cooperate	-	++	-	+
Insufficient Coordination	-	<i>Coordination</i>	+	-
<i>Unaligned target setting</i>	-	++	++	-
<i>Decision rights do not match responsibilities</i>	+	-	+	-
<i>Unclear expectations (targets)</i>	-	-	++	-
<i>Conflicting individual goals</i>	-	-	+	-
<i>Roles not clear</i>	-	-	++	-
<i>Unaligned resource allocation</i>	-	-	++	-
<i>More time than expected</i>	-	-	-	+
<i>Always postponing projects</i>	-	-	-	+
<i>Inability to cut projects</i>	+	+	-	-
	Only Annual Planning (AP)	AP informally integrating	AP and separate but integrated	Initiative-driven Strategic Planning

Table 20: Strategy implementation process related implementation problems, all case companies

Furthermore, problems of missing links between actions and strategy can be observed. This is due to the fact that strategy is implemented as part of operational planning. Operational planning is done in functions or divisions with business needs in mind. There is less corporate control and activity alignment, because too much alignment of operational issues is detrimental functions' or divisions' business. Hence, there is also a relatively high degree of emergent strategy as operational decisions drive strategy implementation – this emergent strategy will only retroactively be integrated into declared, intended strategy.

The initiative-driven process has a separate process for strategy implementation in place. This strategy implementation process has its own timeline, structure and communication channels, as well as control mechanisms. Therefore, all “strategic” activities are aligned to the intended strategy and there are no missing links between actions and strategy. By designating the strategy as only those areas where change is needed and closely defining the desired change, top management creates a clear understanding of what strategy is to those people it considers to be implementers of said strategy. Then choosing this tightly formalised process and the must-win initiative ideology, each “strategic” action becomes highly visible and open for follow-up, all implementers know what they are aiming for, *“So in terms of strategy communication this must-win process puts into perspective everyone’s activities. And then it is easier to relate to the whole strategy”* (Interviewee case company D). In initiatives, as has been illustrated in [section 5.2](#) all activities and targets are cascaded to the individual implementer-level. Therefore, the same problem, “resistance to cooperate”, is inherent to initiative-driven processes. However, another problem appears; the issue of alignment costs. Cascading all the strategic actions to the individual-level requires quite some corporate resources. Communication of intended strategy needs to be done in detail, strategic planning needs to be carried out in parallel to annual planning, the strategic planning process needs to be guided and coordinated, and follow-up needs to be managed. All these costs are necessary for the initiative-driven approach because of its inherent need for more corporate control and formalised processes.

Both of these process-types, the annual planning- and the initiative-driven approach, manage to coordinate their strategy implementation because the process is clear to the involved employees. While each one of the two approaches has its advantages, each one also has its distinct drawbacks. The annual planning-driven approach shows strong signs for emergent strategy, tacit knowledge and bottom-up employee participation, the initiative-driven approach demonstrates strong signs for deliberate strategy, alignment and corporate control. Neither one shows large issues in strategy implementation and it seems that it is more a

choice of how a company wants to “live”, rather than one being inherently better than the other. However, both approaches are better than the approaches that have no clear strategy implementation process. Case companies A and C, both of which combine annual planning and strategic projects in strategy implementation, share some of the implementation problems encountered by the pure annual planning-driven and pure initiative-driven approaches. Yet, they also demonstrate an additional group of problems; lack of coordination. This lack of coordination, stemming from insufficient integration of two parallel processes, leads to competing interests and ultimately to resistance to cooperate. However, the degree of lacking coordination can vary. In case company A it is merely a lack of target alignment. Activities are planned and targets are set in functions with no coordination between functions so that the shared resources are being fought over. In case company C, in addition to this lacking target alignment, also roles and expectations are not entirely understood by all organisational members, making not only cooperation more difficult, but also the fulfilment of individual tasks. The two parallel processes are not only insufficiently integrated but also not clearly enough demarcated and understood. The severity of these problems is enhanced by the fact that there are various processes that run across functions and also require time and attention. While in annual planning driven-processes roles, responsibilities and targets are managed as part of the operational business, and in the initiative-driven processes they are managed as part of the strategic planning process, a clear structure as part of which they are managed is lacking in these mixed forms. This might be the case because processes’ and functions’ activities are not integrated (see case company C), or because strategy implementation as a whole is confined to single divisions or functions with few interactions among each other (see case company A). However, in both cases, the structure of the process is not entirely clear or there are parallel, non-aligned processes.

It needs to be noted that some of the problems in case company C are related more to its current economic situation than its strategy implementation process. Most of the resource scarcity problems are tied to the fact that corporate services have been cut, leaving the remaining functions and positions with a higher workload. This decreases the level of attention that can be paid to strategy implementation, as purely supporting activities need to be carried out in addition to the tasks of a position’s job description.

Further, the fact that in case company D the problems of “always postponing projects” and “projects take longer than expected” arise might be due to the fact that projects are followed-up more tightly and, therefore, are more visible. Moreover, the implementation process at case company D is driven mostly by formal implementation planning, making these problems

seem more severe than in another company, driven by negotiation or cooperation, where this might just be taken as a fact not worth mentioning.

5.4 A FRAMEWORK FOR STRATEGY IMPLEMENTATION PROCESSES AND THEIR EFFECT ON IMPLEMENTATION-RELATED PROBLEMS

A strategy that consists of a vision only, considering all a company’s operational activities part of its strategy, is always implemented as part of a company’s annual planning process and a strategy that consists of only a set of initiatives, excluding all regular activities from the notion of strategy, is always implemented as part of a separate initiative process.

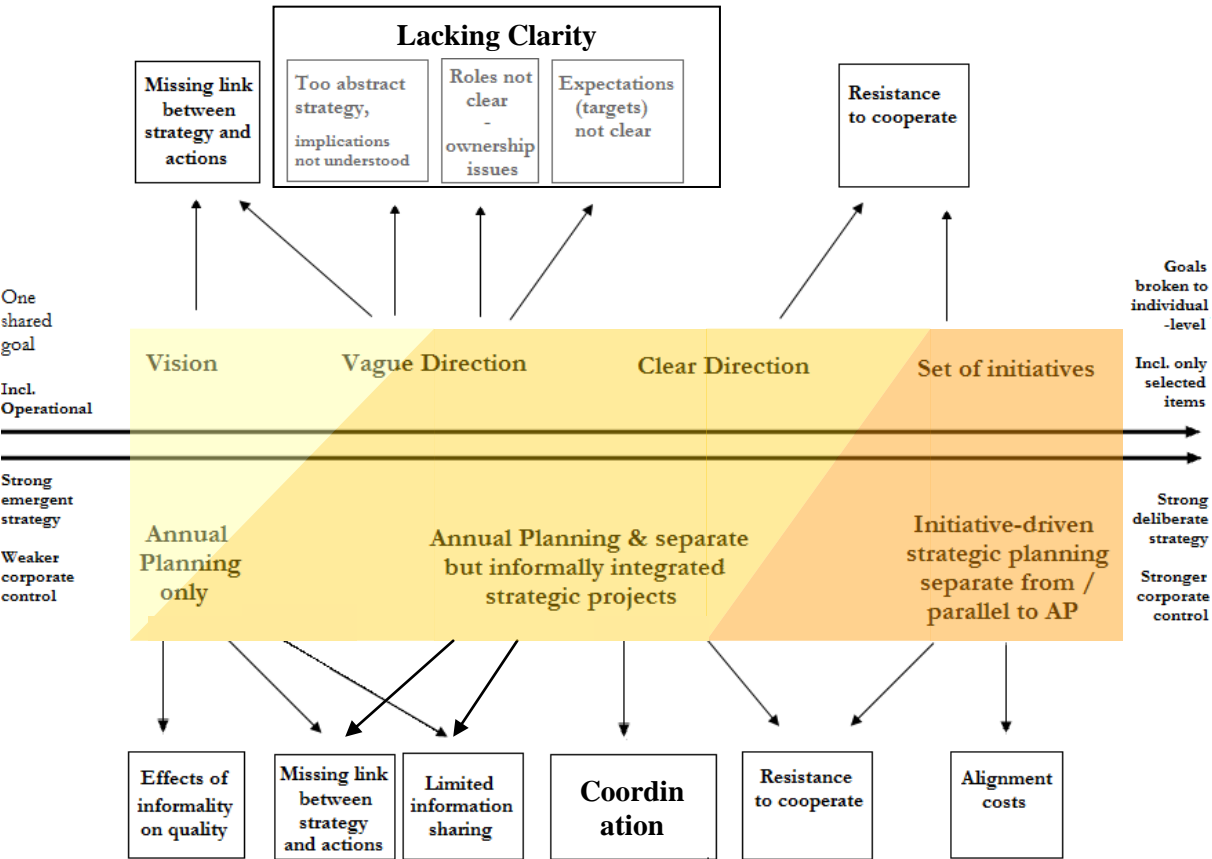


Figure 18: Strategy content-process relationship in view of implementation problems

This can be explained by the observation that the more distinctly strategic action is described in the intended strategy, the more distinctly it is implemented. This reflects Chandler’s (1962) findings that structures are built around a given strategy. Strategy that contains only a vision does not command distinct action, but allows employees to implement strategy as they see fit,

as part of their daily work; all activities a company undertakes count as strategy implementation. Therefore, it must occur in operational planning, i.e. annual planning. Annual planning is done in functions or divisions, with limited corporate control. Thus, the structural context is loosely knit, relies heavily on culture and leaves much room for autonomous strategic behaviour. There is a strong emergent strategy element, driven by one shared goal – the shared culture and vision. On the other extreme, strategy consists of only selected and defined strategic initiatives. These need to be implemented separately from regular activities, because regular activities are not considered to be a part of strategy implementation. If they are managed separately from operational business and need to reflect only those few selected items of the initiatives, they also require stronger corporate control for alignment. Thus, the structural context is knit much tighter, leaving less room for autonomous strategic behaviour and building implementation on detailed planning. There is a strong deliberate element, driven by cascaded individual goals – programming as much of the intended strategy as possible.

A vision cannot be implemented through initiatives without prior definition of the vision into more specific goals and initiatives. Neither can a strategy that consists of only initiatives be implemented as fully integrated part of the annual planning process because of the initiatives' project management character. Initiatives might cover the optimisation of operational tasks in which case they could technically be integrated in the annual planning, but often they cover cross-functional issues that have to be implemented outside existing cooperation structures. Hence, integrating them into the annual planning is difficult because people don't have experience in how to cooperate – special channels for coordination and cooperation need to be created. In addition, coordination of targets, bonuses and responsibilities happens in the annual planning, coordinating them in the same process also for strategic initiatives that cut these across annual planning structures is difficult. Moreover, there is a problem with the follow-up; if initiatives are part of the annual planning, tracking their progress as opposed to regular activities' progress is difficult. Thus, strategies consisting of only strategic initiatives have to be implemented through a separated mechanism, either a separate but integrated, or an entirely separate but parallel, process. Strategies that are more specific than a vision but containing more than a set of initiatives can be implemented either through annual planning, or, the more specific they get, through a separate but integrated strategic project process. However, these mixed processes, an annual planning process with a more or less formally integrated strategic project process, show more implementation problems than the two “purer” implementation processes.

The empirical findings from the case companies suggest that this is due to these processes' unclear double structures. The structures in the annual planning process are clear and there is a considerable amount of experience in using them because the process is repeated in a similar way every year, *"This process has also been slightly modified almost every year and every year you may have a slightly modified template and then the financial organisation brings you maybe a new way of presenting those things – but in the big picture it is still quite the same and ... so, it's.. standardised but flexible still"* (Interviewee, case company B). The structures of an entirely separate and parallel strategic initiative process are clearly defined, contain their own target setting and bonus system, and the process itself is coordinated with the annual planning process, *"We need to have sales targets, which are matching up with the top-line targets, otherwise the processes would be two different processes and no combined parts there. So sales planning needs to be integrated into the budgeting process and the strategy is giving the guidelines for both of those ones"* (Interviewee, case company D). Structures in between are by definition less clear, making cooperation in and coordination of the implementation process more difficult. Most pointedly this is shown in case company C where strategic projects planning and implementation is integrated into the annual planning workflow, *"But, that is I think the tricky part; we need to understand what is common, what is local and then all those things need to be under the same strategic umbrella"*. Strategy is implemented in the functions and countries of a division through annual planning, thus, often strategic projects might come out of the countries or functions, and sometimes, they need to be coordinated across in the form of strategic projects. The lack of existing channels causes difficulties to coordinate these projects, *"We haven't had a proper project governance model in recent years. And I see that actually as one of the key issues, why it has been so hard to implement the strategy or follow up the process"*, and a separate, additional channel has been constructed, *"Now, actually in the current organizational structure we have four main common areas that are solution development, operational development, finance and HR. Those are the lines going horizontally across the countries. So I think that organizational structure, those lines, will give us a tool to coordinate those common development items horizontally, across the countries. And that actually is also linked to our project portfolio governance that I explained"*. However, the informal integration of this corporate project management group causes some uncertainty, *"But we have been yea, trying to find out what's the right way to govern the whole process or portfolio and it seems that quite complex task to get all the people into the same room, have a real discussion about all the projects"* in terms of cooperation channels, but also roles and responsibilities when projects or processes run

across the functional activities governed in the annual planning, *“And then, to execute the strategy you need clear profit-and-loss responsibility (...) persons or management roles. And that are in our case the countries, four different countries, and the management heads of these countries. So ... I guess in a matrix there’s always a kind of conflict between those development dotted line responsibility areas and these profit-and-loss responsibility persons. But basically, I think you need both, at least in this kind of bigger companies”*. The more distinct the two processes, operational business through annual planning and strategic projects through project management, are defined and formally integrated, the lower these barriers to cooperation are.

Case company D demonstrated an interesting tool in supporting this demarcation and integration of the strategic projects-process with the annual planning process; supporting software. Supporting software helps in demarcating the process and acts as “physical” support that guides the integration of the two processes. The ARC-tool makes work organisation, planning, coordination and follow-up easier.

The fact the position of case companies A and C are not in the same order in the two sub-parts of the framework, strategy content (section 5.2: BCAD) and strategy process design (section 5.3: BACD), does not impact on this framework. In building this framework, case companies A and C change their positions between case companies B and D depending on whether strategy content (5.2) or strategy process (5.3) are assessed. For strategy content (5.2) the order is of relevance because case company C’s strategy is clearly less specific than that of case company A, for strategy process (5.3) their order is not of importance, because both represent mixed process-types and show very similar strategy implementation problems. Changing the position of case companies A and C in 5.3 would only create a disalignment along the Annual Planning-Initiative continuum, but not in the problems each process encounters and their similarity to the problems of case companies B and D. Therefore, case company A’s and C’s strategy implementation processes can be combined under the name “mixed processes” in the framework while their strategies remain separate on the top row.

6. DISCUSSION

As a result of the empirical multiple case study, a framework that matches strategy content, strategy implementation process design, and strategy implementation problems has been developed. This thesis' contribution to research, its managerial implications and future suggestions for research will be discussed.

6.1 CONTRIBUTION TO RESEARCH

Prior research has presented theories on the various subparts of the strategy implementation process (Mintzberg & Waters, 1985; Floyd & Lane, 2000; Burgelman, 1983; Killing et al., 2005; Morgan et al., 2007; Quinn, 1978). However, the various theories, though clearly related, remained fragmented (Noble, 1999). In fact, Noble (1999) posits that "One reason for the lack of a cohesive body of existing implementation research may be the diversity of perspectives that have been taken in defining the concept" (p.119).

6.1.1. AN INTEGRATION OF EXISTING LITERATURE

Thus, this master's thesis contributes to the current body of research in the field of strategic management and strategy implementation by providing a coherent overview of the various related but unconsolidated theories on the strategy implementation process. The strategy implementation process has been described as distinct building block of organisational structure (Chandler, 1962) and, based on Li et al.'s (2008) definition, it has been defined by its various components; deliberate and emergent strategies (Mintzberg & Waters, 1985), actor organisation in terms on their goals pursued, sequencing and role ascription (Floyd & Lane, 2000) and rigidness and formality, as given by its structural and strategic contexts, (Burgelman, 1983). Further, these components, i.e. process qualifiers, have been applied to the two common forms of strategy implementation processes, initiative-driven (Killing et al., 2005; Morgan et al., 2007) and annual planning-driven (Quinn, 1978; Hrebiniak, 2005), making evident the conceptual differences between the two. This summary of the literature has been used to assess the case companies' strategy implementation processes. However, this summary in itself already presents a contribution to research as it provides a framework, solidly grounded in theory, according to which strategy implementation processes can be assessed and compared.

6.1.2. NEW INSIGHTS INTO STRATEGY IMPLEMENTATION PROCESSES

The empirical study also adds to the understanding of the diversity of strategy implementation processes. This diversity is marked by two major distinctions; the perception of goals pursued and the process design.

Existing literature states that often only the “strategic guidelines” according to which businesses formulate and implement strategy are given (Hussey, 1999); strategy in these cases is a higher-level vision that guides all employees’ every move. Instructions from strategy are thus limited, with a wide array of activities being possible and the responsibility of choosing the right path lying with the divisions (Hussey, 1999). This thesis has highlighted the value of simplicity in these “strategic guidelines”. While earlier work confirmed that strategy needs to be well understood throughout the organisation in order for deliberate strategy to occur (Mintzberg & Waters, 1985), thus for top management to effectively drive strategy, the value of simplicity in the message is not always explicitly referred to.

Existing literature also states that initiative-driven strategies are more detailed and actions more closely linked to tasks (Morgan et al., 2007; Killing et al., 2005). This makes strategy highly tangible to these implementers and they can easily link their actions to the strategy (Morgan et al., 2007). According to Moore (2009), the closer strategy resembles a set of figures, timelines or schedules the more deliberate strategy is. While this reduces room for autonomous strategic behaviour, it strengthens corporate control and alignment of strategy. Thus, this thesis contributes to the current body of research by showing that vision-driven strategy tends to induce emergent strategy, and initiative-driven strategy tends to aim to inhibit it.

Further, this research posits that connecting strategy through actions and cascaded goals to the individual-level may actually divide employees’ goals. The findings show that vision-driven strategies tend to unite individuals’ personal interests under a common goal, while initiative-driven strategies tend to divide this common goal, cascading parts of it to the individual. Thus, this cascading of goals seems to cause potential resistance to cooperation.

Concerning the process design, this thesis complements existing literature by comparing two common designs; the annual planning-driven process (Hrebiniak, 2005) and the initiative-driven process (Morgan et al., 2007; Killing et al., 2005). The analysis of their differences provides an explanation for why initiative-driven processes are often more obviously connected to declared corporate strategy (i.e. intended strategy) than are annual planning-driven processes; the higher amount of emergent strategy in annual planning-driven processes. As emergent strategy will only be officially included in intended strategy after

having been implemented, it might appear disconnected to intended strategy at the time of its actual implementation. This further proves the stronger corporate control in initiative-driven implementation processes as opposed to annual planning-driven implementation processes. Hence, this thesis extends Burgelman's (1983) "Bower-Burgelman process model" by showing that there is a relatively tighter configuration of the structural context in initiative-driven strategy implementation processes than in annual planning-driven processes. Interestingly, those cases where an informal combination of the two processes is used, the structural context is loosest.

6.1.3. AN UPDATE ON COMMON STRATEGY IMPLEMENTATION PROBLEMS AND THEIR STRUCTURAL CONTEXT

Existing literature on strategy implementation problems (Alexander 1985, 1986; Crittenden & Crittenden, 2008; Beer & Eisenstat, 2000; Stirling 2003; Wernhem, 1984; Mankins & Steele, 2005; Hrebiniak, 2006) has been tested and complemented by an enquiry into the contexts within which they appear. The author has established a relationship between certain strategy implementation problems with their respective organisational environments. While the prior research into strategy implementation problems regards problems mostly as detached from the processes within which they occur, this thesis demonstrates that certain types of strategy implementation contents and process are associated with certain strategy implementation problems. It is further of interest that most problems continue to persist, while some seem to have been solved or decreased in importance. This might be due to increased attention paid to the issue (Noble, 1999) or changes in the business environment making them obsolete.

Further, the empirical study provided an insight on the strategy implementation problems found in mature, internationally active Finnish industrial companies. As with the findings for the discovered strategy implementation processes, also these strategy implementation problems discovered in the Finnish context provide new insights to the existing body of research on the Finnish companies. Little previous research on strategy implementation processes and problems concentrating exclusively on Finnish case companies has been conducted. The environmental factor "Finland", i.e. its cultural, institutional and geographical context, does not seem to have an impact on potential strategy implementation processes or problems – the observed problems are comparable in nature to the implementation problems reported on in the literature review. This indicates that strategy implementation problems are universally similar regardless of a company's environmental factors.

6.1.4. A STRATEGY IMPLEMENTATION PROCESS-PROBLEM MATCH

Resulting from the empirical study, this thesis presents a framework that demonstrates three interesting relations between strategy content, strategy implementation processes and strategy implementation problems. It adds to prior research on strategy implementation pitfalls by taking a different, a novel perspective. Existing theory looks only which are the most common strategy implementation problems (Hrebiniak, 2006; Stirling, 2003; Mankins & Steele, 2005) or at what kind of promoters and inhibitors to strategy implementation there are (Beer & Eisenstat, 2000; Wernhem, 1984). Only Crittenden and Crittenden (2008) and Alexander (1991) make an attempt to look at strategy implementation problems with relation to their structural environments. Yet, their studies also left room for further enquiry as they do not provide a complete framework for the issue. Hence, this work took a different perspective and focused on the relationship between perceptions of strategy, strategy implementation process design and strategy implementation problems.

The framework developed in this thesis shows three relations; firstly, a clear relation between certain types of strategy content and strategy implementation problems has been established. The more vision-like a strategy is, the better cooperation is because all employees work for the same shared goal – the company’s vision. However, since everything a company does is counted as strategy and emergent strategy is strong, there is a risk of missing links between individual actions and the communicated intended strategy. The more initiative-driven a strategy is, the better it is cascaded to the individual level through individualised tasks, goals and incentives. Implementers understand their role and the overall goal is cascaded to the individual. However, this splits a common goal into potentially competing individual goals, potentially causing resistance to cooperation.

Secondly, a clear relation between certain strategy implementation models and implementation problems has been established. Annual planning-driven processes tend to lack the ability to effectively link actions to communicated intended strategy and the lacking formality of a strategy implementation process causes varying implementation quality and decreased information flow. Initiative-driven processes have high alignment costs and their deliberate character limits autonomous strategic behaviour. Mixed processes lack the clarity of the other two types of processes and therefore demonstrate coordination and cooperation problems.

Thirdly, the developed framework contributes to the understanding of how the perception of strategy within an organisation is related to this organisation’s strategy implementation process. Mintzberg and Lampel (1999) refer to ten “strategy schools”, each of which

represents an organisation's managers' perspective on the purpose and content of strategy. This "perspective" takes an influence on how strategy is made and implemented by shaping the organisation's internal systems and processes. Yet, Mintzberg and Lampel (1999) remain on the strategy formation subprocess of strategy work and do not consider the implementation subprocess in these ten schools. Furthermore, they do not present a detailed model or framework for the strategy implementation process. The framework developed as part of this thesis adds to the literature by creating this clear match between perception of strategy and strategy implementation process types; the more distinctly strategic action is described by intended strategy, the more distinctly it is implemented. Thus, visions are implemented through annual planning and initiatives are implemented through a separate but parallel strategic initiative processes. There are varying levels of integration between the two.

From this analysis it is evident that the most "pure" processes tend to be least prone to implementation problems. Hence, it can be inferred that there is a clear advantage of some strategy implementation processes over others; the more extreme processes in terms of strategy perception and strategy implementation process are preferential over less clearly defined strategy perceptions or implementation processes.

6.2 *MANAGERIAL IMPLICATIONS*

Companies need to make a conscious choice about their strategy content and implementation process types. As can be seen from the developed framework, certain choices in terms of strategy content already determine to some extent the strategy implementation process design. There needs to be a fit between the chosen strategy content and its implementation mode. In general, managers can keep in mind the developed framework's main message: the more distinctly strategic action is described in the intended strategy, the more distinctly it is implemented.

Further, these choices also influence the strategy implementation problems the company is likely to meet. Hence, an organisational architect is better able to predict the problems that are likely to occur in the strategy implementation process and to prepare for them. The results of this study indicate that, if properly executed, purely initiative-driven strategy implementation processes produce the least amount of strategy implementation problems. Also purely annual

planning-driven implementation processes tend to cause only a limited amount of implementation problems. It is the mixed processes, those combining annual planning with more or less formalised strategic projects management programs that give way to the most and most severe implementation issues.

In initiative-driven processes, the organisational architect needs to be aware of the strong impact of deliberate strategy on future renewal capacity. Alignment of activities is effective in achieving the desired results of the intended strategy but might suppress internal renewal initiatives that tend to be driven by emergent strategy. In case the organisational architect decides to choose this initiative-driven process, he should contemplate ways to otherwise elicit ideas from the organisation's employees. Moreover, alignment costs are considerable if two parallel processes need to be organised and maintained – their benefits need to be weighed against alignment costs.

In annual planning-driven processes, the organisational architect should be aware of potential problems in linking actions to strategy, in varying implementation quality and in decreased information flow. The missing link between the emergent part of strategy implementation and intended strategy, as well as the varying implementation quality need to just be acknowledged and knowingly accepted, as they are inherent to this process-choice. However, the potentially limited information flow can be acted against. One way this could be done by creating a formalised information sharing platform and incentivising strategy discussions as part of the annual planning. While this would certainly increase the amount of corporate control at certain costs, something companies using this form of implementation try to avoid, the organisational architect needs to weigh this against the benefits of a freer flow information across the organisation. Thus, the organisational architect needs to be aware of these trade-offs, the existing options and effects, and make an informed decision.

In mixed processes, a larger amount of problems are likely to occur. The organisational architect should first consider opting for either one of the “pure” processes, because their clear demarcation provides the least risk for implementation problems. However, if the idea to adopt a mixed implementation process persists, the organisational architect should expect any of the problems of either one of “pure” processes as well as additional problems related to the coordination and cooperation of different organisational members. In order to minimise the risk of these additional problems the annual planning process and the strategic project management system need to be integrated and designed in a way that enables their coordination. Further, each one of the two processes needs to be clearly marked and

understood by employees, roles, responsibilities and targets need to be made clear and incentives to collaborate across annual planning structures need to be given.

On a general level, the results of this thesis alert managers to the problems of strategic project management. Companies should set stricter criteria for selecting and ending projects, and in consequence, execute these criteria more strictly. In all case companies it has been found that there are too many projects ongoing. A more detailed prioritisation or stricter selection process should be introduced in order to reduce the number of strategic projects from the outset. The level of resource scarcity in the respective company obviously has an impact on how much more stringent these criteria should be, but in general it appears that there is room for improvement in companies. At the end of a project, its termination should be decided upon more swiftly and carried out more decisively.

6.3 SUGGESTIONS FOR FUTURE RESEARCH

This thesis has demonstrated how strategy content and strategy implementation process design are related to each other and how they relate to strategy implementation problems. For future research it might be of interest to test the developed theory on a larger scale to verify its generalisability. While transferable in nature, the theory in its current state is not generalisable because of the small, yet diverse sample of case companies and the unclear question of how strongly their particular environments influence on their implementation problems. Translating this qualitative study into a larger scale quantitative study could test the theory and, if proven to hold true, make it generalisable.

Furthermore, it might be of interest to look deeper into organisations with two parallel but not entirely integrated and demarcated processes in order to refine the framework. The framework has been built largely with the help of the two “extreme” cases; one organisation that implements strategy as fully integrated into the planning of operational issues through the annual planning process, and one organisation that implements strategy through an initiative process entirely separated from the annual planning of operational issues. For these “extreme” cases there was a clear content-process match and a clear demarcation of the “end points”. Case companies between these two extremes show traits and problems from both ends of the continuum. Further, they show additional problems related to coordination and cooperation because of the lacking integration of the two parallel structures. Going deeper into companies

with these unclear parallel structures could show more details on the exact content and structure of the problem groups called “coordination” and “cooperation” in the developed framework.

Another interesting approach would be to repeat this study with several case companies that map between the two extremes – case companies with two separate processes at varying levels of formalisation and integration. This might generate more insight into the differences that potentially exist between companies employing both, annual planning and strategic initiative processes. It would be interesting to see how these varying degrees of formalisation and integration map with their company’s respective strategy content and strategy implementation problems.

Another interesting perspective might be the effect of the company situation on the framework. In the empirical findings it has been shown that the purely vision/annual planning-driven case company had a stable perception of strategy while the purely initiative-driven case company considered strategy to be change. Case companies between these extreme points along this continuum have no clear stand on whether strategy is change or not. Therefore, the sample is too small to see if there is a gradual increase in the notion of change from Vision/Annual Planning to Initiative-driven. This gradual increase in the importance of change is likely, but the exact impact of the notion of change onto the framework cannot be determined from this study. In consequence, it might be of interest to look into the effect that change might have on the validity of this framework.

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8. APPENDICES

APPENDIX 1: COMPANY PROFILE OVERVIEW

*2013 figures

<i>Company</i>	<i>Foundation</i>	<i>Industry</i>	<i>Organisation</i>	<i>Global sales</i>	<i>Employee Count</i>	<i>Turnover</i>	<i>EBIT</i>	<i>Public</i>
A	~1950	Building & Construction	Functional Head Office: FI Sales subsidiaries: Japan, D, F	40% Finland 60% Global	178	48 MEUR	-1.7MEUR	NASDAQ OMX Helsinki
B	~1900	Food	Matrix Head Office: FI Production: FI, Russia, Estonia Offices: Russia, Sweden, Estonia, US, China	60% Finland 40% Global	4.600	2.029MEUR	65MEUR	No
C	~1900	Food	Matrix Head Office: FI Offices: Baltics, Sweden, Russia	47% Finland 53% Nordics, Baltics, RU	13.762	1.696MEUR	49MEUR	No
D	~1950	Capital Goods	Matrix Head Office: FI Offices globally	42% Finland 58% Global	11.000	2.600MEUR	-59MEUR	NASDAQ OMX Helsinki

APPENDIX 2: INTERVIEW QUESTION OUTLINE

Introduction

1. Could you please tell me a bit about yourself, i.e. your professional background and experience?
2. And about COMPANY?
3. And about your position within COMPANY?
4. What are your expectations to this study
 - a. Fields to be looked into
 - b. Results

I Strategy Process Overall

5. How is **strategy currently perceived** in the organisation?
 - a. What is the strategy? In max two sentences?
 - b. How is it formulated? Process and People
 - c. What is its purpose? Broad direction - minimal detail
 - d. Personnel's positioning
 - How do the personnel perceive the strategy (clarification = interact + accept)?
 - How do they perceive their role in it?
 - How is the personnel engaged (commitment + competences)?
6. What does the **whole strategy process** look like (all phases from analysis, formulation to operationalisation, feedback)?
 - a. How formalised is the process?
 - b. Which phases are there in the overall process?
 - What is their order?
 - How are they interlinked, do they feed back to each other?
 - c. What is the importance of each one of these steps?
 - In theory and in practice?

II Strategy Implementation Process

7. What does the **strategy implementation process** look like?
 - a. How formalised is the implementation process? Is there an implementation process?
 - Clear ownership / early employee integration?
 - Power of decisions / flexibility at decision points
 - Responsibility and accountability clearly assigned to individuals?
 - Each region/function, how are they coordinated
 - b. Which phases are there? Deliberate/Emergent
 - c. How are these executed?
 - Order, owner, coordination, execution
 - Monitoring: KPIs and correcting deviations
 - Feedback loop

- d. What are the organisational structures that support each step?
 - HR, remuneration and Incentives
 - Resource allocation
 - Internal politics, power distribution
8. Are there **any problems** in any of phases of the implementation process?
 - a. Which problems?
 - b. What are the reasons for that?
9. Do you have a **solution** for this problem?
 - a. In practice or just a hypothetical idea on how to solve it?

Closing

10. Do you have any other remarks on the topic?

Thank you for your time!

APPENDIX 3: CASE INTERVIEW DETAILS

<i>Company</i>	<i>Interviewee's role</i>	<i>Date</i>	<i>Duration</i>	<i>Via</i>
A	1) VP Baltics	23.4.2014	63min	Face-to-face
	2) Sales Manager Finland	23.5.2014	52min	Skype
B	1) VP Marketing & Process Architect	21.3.2014	59min	Face-to-face
	2) Marketing Manager	29.4.2014	72min	Face-to-face
	3) Marketing Coordinator	17.9.2014	53min	Face-to-face
C	1) VP Business Line 1 & Process Architect	19.3.2014	69min	Face-to-face
	2) QEHS Manager	23.4.2014	67min	Face-to-face
	3) Strategy Manager & Process Architect	29.4.2014	88min	Face-to-face
D	1) Strategy Manager & Process Architect	7.8.2014	95min	Face-to-face
	2) VP Business Unit 1	15.9.2014	71min	Lync
	3) VP Business Area 1	12.9.2014	49min	Lync

All interviews have been conducted in English.