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Competitive Strategy:

envisioning, re-configuring, re-positioning and emergence

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Competitive Strategy:

re-configuring and re-positioning or envisioning and emergence?

Introduction

Historically, the strategy development process has been presented in the academic literature in the form of two basic competing models (Quinn 1980; Mintzberg and Waters 1985). The first is formal, structured and imposed, developed, through consultation within the organization, with various stakeholders and through examining environmental data. This rational, imposed strategy development, planning and implementation approach is variously termed the linear model (Chaffee 1985), design school (Mintzberg 1990, 1994), classical perspective (Whittington 2001) or planning/synoptic formal model (Brews and Hunt 1999). The alternative is an emergent strategy model termed logical incremental (Quinn 1980), adaptive (Chaffee 1985) processual (Whittington 2001) or learning school (Brews and Hunt 1999). This proposes that organisations refine their strategies incrementally in light of new information and opportunities with which they are presented. The literature has tentatively provided descriptions of organisations that might follow emergent strategy. Such organisations are depicted as ‘opportunistic’, capturing new markets through innovation, partnerships and technology. They frequently are associated with having flat organisational structures, operate through project teams rather than traditional hierarchy, form, re-form and/or exit business relationships, apply learning as their strategy emerges, and tend to be market driving rather than market driven. It is anticipated that these approaches are not mutually exclusive and that organisations adopt an integration of these two extremes, with one or more approaches dominating the process (Mintzberg 1999).

More complex taxonomies have developed to include interpretive (Chaffee 1985) evolutionary and systemic (Whitttington 2001) variations; the formal prescriptive model has been subdivided into design, planning and positioning schools; while the informal descriptive view now includes entrepreneurial, cognitive, learning, power, cultural, environmental, and configuration schools (Mintzberg, Ahlstrand & Lampel, 1998). Recently, postindustrial and poststructural strategy has aimed to understand the perceptual worlds constructed by social narrative or discourse as the main temporal dynamic in strategy (Barry & Elmes 1997; Løwendahl & Revang 1998; Phillips, Lawrence & Hardy 2004; Vaara, Kleymann & Seristö 2004). However, in the strategy mainstream, the original bipolar distinction between rationally planned and more emerging models remains a major influence.

In studying strategy, researchers have traditionally engaged separately with strategy content, strategy process and the factors that affect strategy formation, decontextualising the interrelationships between these important dimensions. Researchers have recently moved to incorporate contextual factors as they question why and how managers variously interpret information and determine the depth of strategic response (White, Varadarajan and Dacin 2003). This research supports such an approach, with the objective of contextualising strategy knowledge, to develop new insights into approaches, drivers and conceptualisations of strategy within diverse contexts and market positions. Such an approach is supportive of a position that there are multiple conceptualisations of strategy and these are functions of the environment, industry context, market position and organisational culture and structure.

This preliminary, exploratory study is directed at understanding both strategy content and process, through describing the various ways major corporations conceptualise competitive strategy, the process through which conceptualisations emerge, and the factors that shape this emergence. The research captures the views of senior executives responsible for the development of competitive strategy in their company. Key dimensions of significant interest to the study are the role of culture, structure, relationships, learning and knowledge management in the conceptualisation of competitive strategy.

Our examination of the literature is guided by a recent bibliometric analysis of strategy research (Ramos Rodriguez and Ruis-Navarro 2004). Their findings revealed two dominant streams: strategy as a process (grounded in the 1980 and 1985 work of Michael Porter) and the emerging emphasis on strategy as a source of competitive advantage based on the resource-based view of the firm (represented through advances on the work of Barney 1991 and Wernerfelt 1984). Once competitive strategy is defined, each of these streams of research is examined, highlighting the strengths and limitation that have been observed in the literature associated with each perspective. The research approach is then described, initial findings presented and, finally, preliminary implications for practice tendered.

Competitive Strategy and the Process and Foundations of Strategising

Although strategising has been widely practiced as a process of synthesising strengths, weaknesses, opportunities and threats constrained by managers' mental models, historical industry positions and normative behaviours, recent research has described the strategising of innovative firms as a process of sense-making of possibilities of creative options through pattern matching, with increasing less emphasis on the constraints of the firm and historical norms (Bharadwaj, Clark and Kulviwat 2005). As a further alternative, others, such as MacIntosh and McLean (1999) have argued the relevance of a deep structure view, adopting complexity as a theoretical foundation for explaining strategy content and process innovation, within dissipative, self-organising, structures in organisations undergoing transformation. The authors describe organisational systems as "constantly adapting and self-organizing in a zone which, although far from equilibrium, stops short of the 'descent into chaos'" (MacIntosh and McLean (1999: 305). The process of strategising and strategy content within a self organising, adaptive organisational system is likely to differ significantly from that occurring within a hierarchical, relatively stable organisational and industry system characteristic of the period in which many of strategy support tools and techniques used today were developed.

Defining competitive strategy

Strategy has been described as a simple expression of the past, a tactic, a culture, opportunism, a political discourse, a straight jacket that inhibits opportunism, and short term and cyclical based on fluid scenarios. Strategy is, simultaneously, temporal, political, creative and constrained. When an organisation selects shorter planning cycles to those of competitors, the temporal dimension of strategy provides the propensity to leap-frog competitors with longer planning cycles, while changes in strategic priorities follow shifts in the balance of power in the organisation. The creativity dimension of strategy is evidenced through the ideation techniques employed to generate strategic options, while capital availability, tools and frameworks employed to integrate disparate types and sources of knowledge (Porter's Five Forces Model, SWOT), and organisational culture (Deshpande and Webster Jr 1989) and the mental models employed by managers in strategy decision-making (Day and Nedungadai 1994) act as a strategic constraints. Strategies can be developed to define interaction between the company and one or a group of its stakeholders. Those developed specifically to guide engagement with customers and competitors are referred to as competitive strategy (Grant, 1996).

The term competitive strategy embraces the notion of change, in normative mechanisms, internal capacity and/or stakeholder engagement to create value, achieve growth, survival and/or competitive repositioning. Distinct from the process of adaptation over time, strategic management has been proposed as an explanation of managed change (Madhavan, Koka and Prescott 1998). The strategic management perspective draws on the interconnectivity and knowledge exchange functions, with flows of knowledge providing the foundation for action that will lead to industry leadership. Organisations can be 'deliberately designed' to take advantage of anticipated environmental states, and strategic re-configuring can build business network strength or looseness to address experienced or anticipated critical events, thus building 'competitiveness'. Such a perspective offers a structuralist view of organisations jostling for a renegotiated position to enhance their centrality in a defined market space (Madhavan, Koka and Prescott 1998; Henders and Hakansson 1995). It is likely that firms operationalising strategic flexibly will be observed in dynamically changing industries such as technology solutions organisations.

The concept of the value chain (Porter 1980) highlights the interdependencies and iterations that exist as value is defined, emerges, is refined, communicated, distributed and, finally, selected by the customer. Drawing upon this conceptualisation of value, competitive strategy can be defined as an integrated set of choices about how value will be created, resourced, positioned, communicated and delivered and in a particular market or industry. Consistent with this view, competitive strategy is directed at the customer stakeholder within the context of competitor stakeholder offerings, and integrates upstream, lateral and internal stakeholders integral to value creation, resourcing and refinement. Alternatively, corporate strategy is viewed as the integration of strategic initiatives across business units (Grant 1995), and/or (particularly in the case of a single business entity) linked to resource development that impacts on an organisation's overall profitability and performance (Bowman and Ambrosini 2003).

The process view of strategy

Mintzberg's categorisation of the process of strategy development defined schools of thought that bring alternative perspectives to the process of strategy formulation. His categorisation defined three alternative methodologies of developing one or several strategic options, and six schools of thought that focus on managers' internal synthesising processes and the externalities that shape the nature of the strategic outcomes (Mintzberg, Ahlstrand and Lampel 1998). An additional perspective, the Configuration School integrates each of these nine approaches, describing how each strategy 'event' reflects a different balance of all elements captured in the nine separate approaches. Goold (1992) confirms that in practice these varying perspectives of strategy, discussed individually below, are not necessarily applied singularly (for example, adaptive experimentation of the Learning School forming the sole basis of strategy design) or collectively (with strategy an integration of environmental fit, competitive jostling, envisioning, bargaining, cultural and configuration archetypes, and evolution within a imposed planning methodology). Each is described briefly,

The *Design School* methodology is evidenced through the application of a Strengths, Weaknesses, Opportunities and Threats analysis with a view to developing strategies that maximise strengths, minimise threats and, consequently, achieve ‘best fit’ between the organisation and its environment. Such an approach clearly locates strategic thinking as an extension of the past, presents the future environment as stable and predictable, and consequently places boundaries around conceptualising what is possible. Only the entrepreneurial and cognitive schools from the internal processes and externalities group reflect the Design School approach (strategy is rational, and imposed and developed through cognitive processes, planned in detail and then implemented).

There are two main areas of contention in Design School practice. First, there is an assumption that there is consensus about the competences and capabilities of the firm, that these will be stable over time and the consequences of all actions are known and can be fully rationalised. However, strategy implementation is a learning processes, with strategic action requiring adjustment to address unidentified and unanticipated emerging issues (Mintzberg 1990). The second area of contention is that strategy is simple and can be clearly articulated. Strategy implementation requires collective support from multiple functionalities and hierarchies across an organisation and therefore requires translation forms and meaning that can be understood by all those whose actions will contribute to its execution. Given the strong emphasis on the tools and techniques that are reflective of this school in management programs around the world it is likely that their use will be pervasive in the organisations to be studied in this research, with their inherent processes dominating the mental models of strategists and containing strategy as an extension of the past and organisational history. However, given the debates that have occurred in the literature since the early 1990’s regarding strategic flexibility and cultural and organisational archetype contexts that define normative behaviour it is anticipated that Design School thinking will be integrated within other methodologies and perspectives.

The *Planning School* methodology is more organisationally pervasive, integrating strategy within a hierarchical planning system to be delivered within a cyclical timeline. Whittington’s (2000) classical, rational approach typifies this approach with its underlying assumption that internal and external environments can be mastered through planning based on rational decision models. Such an approach requires multiple checklists, audits and hierarchical and functional plan outputs, and has been observed in practice to take on a life of its own. Frequently, the strategy became disenfranchised within the system, as the decomposition into specific functional planning outputs provided individual clarity of action, but little understanding of how that action is linked to a cohesive strategy or strategic consequences associated with non or sub performance of that action. In practice, as Mintzberg, Ahlstrand and Lampel (1998) highlight, strategic planning is a formalised system of processes and, as such, is likely to stifle innovation in strategy development. Practitioners with a view consistent with Whittington’s (2000) evolutionary and processual theorists are not likely to have a strong investment in long term planning, but rather, reflex an emphasis on the here and now, learning and adapting to new forces that are changing the shape of their external environment. Some organisations have rethought planning models, choosing to aggregate plans cross functionally to build strategic understanding of functional interdependencies (Jarratt and Fayed 2000)

Models of competitive strategy dominating the *Positioning School* methodologies for the last two decades were built around gaining a superior position within a specified industry structure (structure-conduct-performance, Porter 1980) and competitive rivalry (Ries and Trout 1986). The generic competitive strategy options of low-cost, differentiation, and focus, the value chain and five forces of competition model (Porter, 1980; 1985) still remain dominant, influencing strategy decision models (for example Aaker, 1994, Day, 1990). Consultants actively embraced the BCG and GE Matix positioning models that emerged from the Design School SWOT framework as they continue to guide organisational strategy around the imperative of gaining market share. Thus, practice emerging from the Positioning School also placed boundaries around strategic thought through defining the limited positional options acceptable within a given market space.

There have been a number of opponents to the application of the tools and frameworks that have emerged from the Positioning School. For example, Chakravarthy (1997) proposes that where rapid technological change exists, barriers of economies of scale, differentiation, switching costs, and distribution access become obsolete, and strategy frameworks that address the fleeting nature of competitive advantage should play a more dominant role. In addition, Hamel and Prahalad (1994) argued that developing a point of view about the future should be an ongoing continuous debate within a company, not a massive one-time effort, and that strategy should change rather than accommodate existing industry structure. Further, Glaser (1994) described these frameworks as akin to driving while looking in the rear vision mirror. In practice, however, outside 'expertise' is increasingly involved both in forecasting and strategy development. "Just as BCG consultants have spread the BCG matrix as one tool for managing the diversified firm, consultants, management gurus, as well as the business graduates produced by the now numerous business schools across Europe, may constitute a `virtual community' directing companies essentially in similar directions" (Ruigrok, Petigrew, Peck and Whittington 1999:64). Again, given the strong exposure of today's managers to Positioning School methodologies through management programmes, it is anticipated that these perspectives will dominate strategy design in the organisations to be investigated.

While the *Entrepreneurial School* encouraged an emphasis on individual leaders building a vision for the organisation, the *Cognitive School* expounded the application of reasoned argument to strategy decision making. Moving from an emphasis on the individual, the literature and practice of the Cognition School placed importance on understanding shared meaning, mental models and the limitations of cognition (Mintzberg, Ahlstrand and Lampel 1998). Indeed, "the cognitive frameworks that managers construct affect each component of the sense-making process from scanning and interpretation through to strategic action"(Morgan and Hunt 2002: 457). Scenario planning i.e the process of identifying internally consistent, plausible alternative futures (Krentz and Gish 2000) was introduced as a technique to address strategic planning predictability problems associated with psychological, organisational and political barriers to shared meaning (Watkins and Bazerman 2003). These cognitive biases, organisational silos and systematic flaws in decision-making processes have lead to underestimating forces, dispersed information and overvalued interests of some groups. Scenario planning models were employed as a mechanism to challenge entrenched mental models and political biases.

Typically, scenario planning purports to draw together information thought to impact on those alternative futures from the tacit knowledge of employees, knowledge that resides in an organisation's knowledge management system, and opinions of external stakeholders and experts in fields. However, several important issues contain its advancement. Firstly, although many organisations are competing within integrated networks, scenario planning generally adopts an organisational rather than a network perspective (Birkinshaw, Bresman and Hakanson 2000). Secondly, scenario planning will continue to be limited by the specific and distinctive views of the world held by managers and consulted experts until intelligent agent modelling of warehouse data provides an alternative mechanism for capturing emerging forces shaping the environment and understanding their interaction.

Under the umbrella of the *Learning School*, strategy is considered complex and emergent. This volume of work embraces authors working in the field of evolutionary economics (Barney, Nelson and Winter, Teece, Pisano and Shuen), Hunt's Resource Advantage Theory of Competition and more recent advances in strategy and complexity theory (Brown and Eisenhardt 1997; Houchin and MacLean 2005). Mintzberg, Ahlstrand and Lampel (1998) refer to the notions of emergence, sense making, action research, action learning and adaptive experimentation, with companies deciding to continue to support those strategies that are 'working' and discarding those that fail to deliver on expectations. Such ideas fit comfortably with working within a framework of strategic principles and implementing combinations of strategies that fit within those principles, each with diversity in risk and expectations. Those strategies that are 'working' are flexibly adjusted as knowledge emerges informing strategy change. Such an approach is consistent with Whittington's (2000) processual strategists who emphasise leaning and adaptation, and in direct contrast to the classical, planning approach where innovation is the result of market oriented information capture, synthesis and action, through which needs are identified and then project managed through to new value design and launch. Practitioners adopting a Processualists view are likely to encourage lateral thinking approaches to strategy and innovation, reflect some degree of chaos and regard market information as limited by understandings of 'what is' and 'what is possible'. Given the fluidity and edge of chaos environment, it is anticipated that few organisations in the group to be studied will reflect a Learning School philosophy.

Strategy development and implementation requires negotiating with those in positions of organisational power, and this perspective is captured in the *Power School*. Organisations are collectives of differentiated coalitions, each jockeying to build a stronger relative position (Bolman and Deal 1997). In this process of negotiation, sufficing rather than optimising decisions are likely to emerge with coalition leaders seeking to advance their relative position in the firm. Mintzberg, Ahlstrand and Lampel (1998) identify stakeholder analysis as a framework for strategy development within this school. Partners' needs and objectives will be accounted for as strategists build competitive strategy around their key business relationships (Sudharshan 1995).

Exponents of the *Cultural School*, recognise that an organisation's strategy and the process of strategising are likely to reflect the values and beliefs of that organisation. Systemic theorists (Whittington 2000) fit comfortably within this definition as they embrace Granovetta's (1985) view on the social embeddedness of economic activity. They view strategy as processual, but embedded in the cultural fabric of the societies in which the organisations operate. Systemic theorises are likely to embrace a relational perspective in their planning and integrate multiple outcomes such as pride, the national good and the common good in addition to economic rationalisation. Mintzberg, Ahlstrand and Lampel (1998) argue that the resource based view (RBV) (discussed below) is reflective of a 'material's culture' and consequently is a reflection of the Cultural School. Cultural consistency of management decision patterns formed the basis of Miles and Snow's (1978) market engagement typology, which has been subsequently validated within a breadth of contexts, from health care markets (Westbrook 1997, Conant, Mokwa, and Varadarajan 1990) to electronic manufacturing (Smith, Guthrie and Chen 1989) and more global markets (Desarbo, Benedetto, Song and Sinha 2005). The Miles and Snow typology has been demonstrated to predict 24% of the variance in overall organisational effectiveness (Doty, Glick and Huber 1993), and the categories of defenders, prospectors, analysers and reactors have been aligned with strategic aspects of product and service innovation and the degree and nature of market focus (Floyd and Wooldridge 1992; Blackmore, Bossomaier, Jarratt and Nesbitt 2003). Evidence of the Cultural school influence over the strategy process is likely to be observed in companies who are operating within a defined business network, companies with strong international links and/or those dominated by head offices located internationally.

Theories of evolution and complexity provide organisational analogies for the adaptation of organisations and strategies over time, not from learning, but as an ongoing response to fit more comfortably within the environment in which the strategies are being implemented. Such theories and the Theory of Configuration are foundation to the *Environmental School.*

Organisational archetypes, or configurations, are defined as sets of structures and systems that define interpretive schema and are seen as central to understanding organisational change (Greenwood and Hinings 1003:1052). The notion of archetypes or configurations is central to the application of various methodologies and perspectives reflected in the various Schools of Thought described above as they are defined through the levels of rationality, interactivity and assertiveness of decision-making, structural interrelatedness, and the nature of the appraisal system of the organisation (Greenwood and Hinings 1993).

Archetypes have been described as Corporate Bureaucracies, Professional Bureaucracies, Organic, Compulsive and Conglomerates (Miller1987; Greenwood and Hinings 1993). As organisations seek to build market position and competitive advantage they restructure the platforms driving product/service offerings around functions, systems, and communication, and authority architectures that align with a new strategic endeavour. As a result, they delayer, decentralise, projectise, create cross-silo linkages, enable information access through advances in information, communication technologies, adjust human resource policy, diversify, outsource and build alliances (Whittington 1999; Ruigrok, Petigrew, Peck and Whittington 2000). However, such organisation wide change is not easy to achieve. Lowendahl and Revang (1998) describe how a transformational change in competitive strategy frequently requires changes in mindsets, organising principles, structures, processes, capabilities and other resources i.e. transformational strategy, such as the adoption of a new market view is likely to require fundamental archetype change.

Although population and organisation ecology theories have frequently been drawn upon to understand organisational change (e.g. Nassimbeni 1998; Podolny, Stuart and Hannan 1996), one particular evolutionary theory, punctuated equilibrium, has been attractive to researchers as a vehicle through which to explain change both within and between organisational configurations, as in populations it is argued to explain both adaptive and transformational change (Halinen, Salmi and Havila 1999).

However, recent research by Eisendardt and Brown (1999) failed to find support for Punctuated Equilibrium as an explanation of organisational transformation.

Concurrently with Houchin and Mclean (1999) they confirmed the complexity theory of self-organisation as an explanation of organisational change. Houchin and Mclean examined emergent behaviour of new business entity following the espousal of a desired future state. Initiatives were modified in response to experienced states of disequilibria, for example a period of high employment, a budget crisis and a change in top management. Specifically the authors noted how strategic action implemented to ‘realise’ a desired future condition was often insufficient to overcome current accepted norms and approaches. Further, the ‘mismatch between saying and doing (p. 156)’ resulted in confusion and conflicting strategic priorities. When confronted with a disequilibrium condition, mangers retained normative behaviour from the original organisational archetype, severely restricting the emergence of new normative forms. Subsequently, the realised state was structurally, and culturally different to the espoused state. In practice it is anticipated that specific structures and cultures will constrain strategy design and implementation, and deep structures will inhibit the emergence of new archetypes.

The linkage of complexity theory and strategy development in organisations is supported through the recognition of two important features: there are large numbers of interacting elements, and new forms emerge over time. In practice, adaptation may be observed through an organisation’s change in emphasis on strategic outcomes to integrate ethical and social dimensions to economic and market power perspectives or continual changes in the key business relationships that define a firms’ network of operation. Linkages between dyads forming the network may adjust in strength as strategic imperatives for example, resulting from technological dominant model change, require concentration in collaborative effort and/or knowledge exchange.

The Configurational School recognises transformational change that occurs across a range of organisational configurations and provides a holistic mechanism to integrate planning and emergence dimensions of strategy and the changing environments in which they are created (Mintzberg, Ahlstrand and Lampel 1998).

The Resource based view, dynamic capabilities and the Resource-Advantage Theory of Competition

One dimension of competitive strategy highlighted in the literature is that of developing resources through, for example, process innovation, innovative positioning and building business partnerships. Capabilities are organisational resources that determine operational efficiency and the extent and nature of customer value that can be delivered.

Evidence supporting a dynamic capabilities perspective (Teece *et al.,* 1997) was provided in a longitudinal analysis of three inter-firm manufacturing networks (Lorenzoni and Lipparini 1999) where it was revealed that lead firms made changes to interacting platforms and inter-firm connecting processes to facilitate communication and foster cross-network learning. Deliberate initiatives were implemented to restructure processes so as to access additional competencies residing in network actors. Similar initiatives were observed by Brown and Eisenhardt (1997) in organizations that were successful in enhancing their new product management capability.

Integrating the resource-based view (RBV) and evolutionary economics with theories explaining the strategic behaviour of the firm, the Resource-Advantage Theory of Competition (Hunt and Morgan 1995; Hunt 1997; 1999; 2000) provides a theoretical foundation for these knowledge driven applications to advance capability behaviour and productivity. Consistent with other knowledge theories of the firm, organizational learning is endogenous to this resource-based competitive system, with the re-investment in capabilities re-enforcing heterogeneity of the capability, and building comparative advantage (Hunt 2000). Consequently, a capability will incorporate inter-firm knowledge sharing routines for exchange of information (explicit) and know-how (tacit), and knowledge residing in organisational memory. Learning will drive capability re-configuration and deployment (Barney 1991; Barney 2001; Eisenhardt and Martin 2000; Fiol 2001; Wright *et al.,* 2001), thus facilitating efficiency and productivity gains.

Organisations have created relationships to provide access to the resources and capabilities that are critical for effective market competition. Stalk, Evans, and Shulman (1992) identified the importance of a company distinguishing itself from its competitors in the market place, with resources and capabilities becoming paramount in a company's fight for market share. Strategic alliances provide an avenue through which managers can access required resources and capabilities. The academic literature (for example, Markides and Williamson, 1994, Prahalad and Hamel, 1990, Stalk, Evans, and Shulman, 1992) has reinforced this perspective, encouraging managers and researchers to rethink strategy in terms of the key assets and capabilities they can access through strategic alliances.

Re-investment in, or acquisition of, new resources such as critical capabilities, and the application of new knowledge is argued to enhance organisational efficiency and effectiveness, which, in turn, will re-enforce resource heterogeneity, and build comparative advantage (Hunt, 2000). In practice, how and when managers reconfigure and recombine resources to build comparative advantage is anticipated to depend on the continued relevance of the complementarity of resources they can access through their organisational system, the strategic vision of the organisational leader and their ability to evoke change.

Research Method

Consistent with complexity theory (Houchin and MacLean 2005), strategy development embraces aspects of being sensitive to the elements of the context, understanding differences between an espoused and realised state (disequilibrium) and on-going monitoring of implementation to facilitate strategy adjustment or contingency.

The purpose of this study is not to examine strategy as an emergent phenomenon over time, but try and understand the normative behaviour of strategising within a specific context. It is anticipated that senior executives will have held their current positions within a specific organisation for varying lengths of time. Those who have held their strategy role for an extended time will be in a position to reveal the tacit knowledge of strategising in their current context i.e. this is the way we go about it and this is what it means and this is how it has changed over time.

Research questions driving data generation were:

What do senior executives view as the component parts of competitive strategy?

Who is involved and what are the various processes that organisations go though to develop competitive strategy?

What are the various organisational factors that determine the nature of the process it goes through? Specifically, what are the roles of culture, structure, learning and knowledge management in the process?

What factors bound the strategic alternatives that are developed and the choices made?

In this preliminary study, interviews were conducted with fifteen senior executives who were responsible for determining where, why and how their organisation engaged with its markets. These executives held positions of managing director, business development manager, director, and marketing director. Organisations were selected to provide maximum variation across business-to-business sectors and included representatives of automotive, aerospace, pharmaceutical, chemical, information technology (software, hardware and solutions), internal architecture, distribution, and waste management industries.

Each case comprises an individual engaged in a specific business activity (competitive strategy decision-making). Only one unit of analysis within each setting was selected (holistic design), since the person selected in each company or division was identified as being responsible for competitive strategy decision-making.

Fifteen unstructured interviews were completed, using a 'means-end-chain' technique (Reynolds and Gutman, 1988), asking the respondent to recall their most recent strategy development experience. Each of these interviews lasted approximately two hours and explored strategising, the strategy development process and factors driving and bounding that process. Data were collected through tape recording and transcribed, categorising data on each transcription. Emergent themes were shaped from the data, compared to prior established theoretical positions, then revisited, reviewed, and revised or rejected. Further cases were categorised, examining for consistency with developed themes, adjusting, and then examining for consistency with those cases categorised first (Dey, 1993, Marshall and Rossman, 1989). This process follows that proposed by Wollin (1996:7), and combines both theory generation and theory imposition approaches to data analysis. 'The process adopts the basic model of building theory...., but with the sequential and iterative processes of analytic induction,… within a scientific realist epistemology'.

Results

Understandings of strategy and competitive strategy

Strategy was viewed through a number of lenses by those interviewed. It was perceived as a simple extrapolation of the past, as creativity, as a culture (Six Sigma), as opportunism, as a political discourse and as a straight jacket limiting opportunism. It was perceived as a short term plan as well as a cyclical activity based on fluid scenarios. Competitive strategy was contexualised and then conceptualised in customer's markets, as a competitive arena and as looking inwards to develop excellence and comparative advantage. The strategy themes reflected these interpretations, with rich cultural and structural descriptions embedded in the strategy theme. The dominant dimensions in the data appear in Figure 1. A number of markets exhibited extreme competitive rivalry, however, many strategies to offset that rivalry emphasised deepening relationships with customers and, additionally, in case 4, competitor collaboration and projectisation. The dominant approach to strategising was extrapolation from the past, with various attempts of additional layering to capture 'seeds of change'. Only one firm (case 4) adopted a sophisticated scenario planning system as a foundation for strategising.

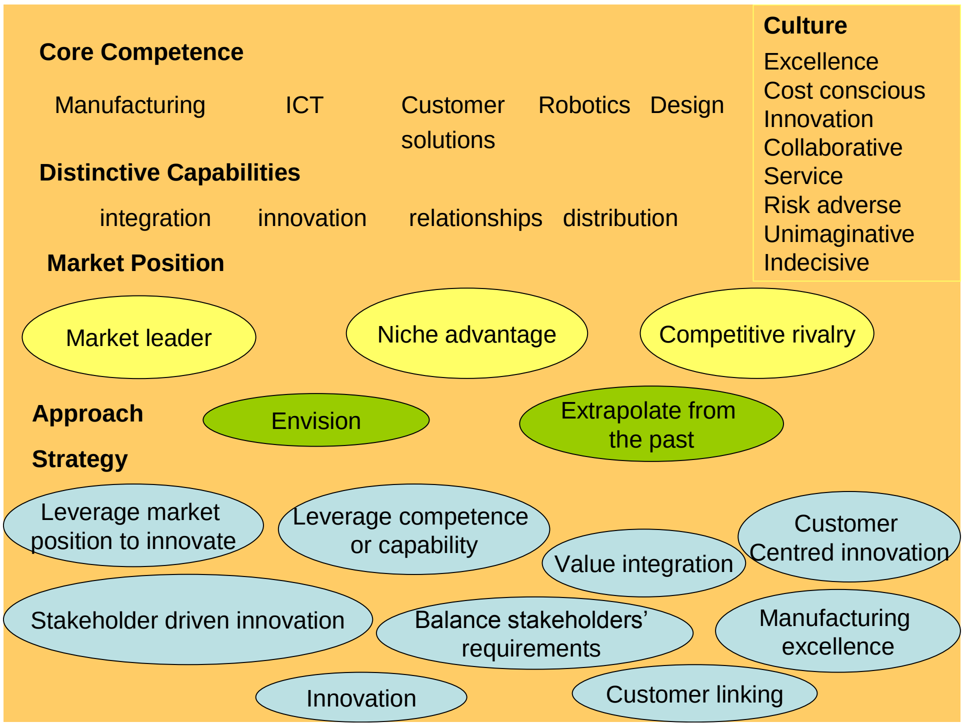
Competitive Strategy Categories

Four dominant competitive strategy categories emerged from the data:

- stakeholder driven strategies
- resource investment strategies
- leveraging strategies
- innovation

These are not presented as mutually exclusive categories, however, in each case organisation one aspect dominated the articulation of strategy. For example, cases adopting a *resource investment strategy* (cases 2 and 5) sought, respectively, production efficiency and manufacturing excellence however, both recognised the need for innovation. Cultural change towards production efficiency meant developing a "getting it right the first time" culture (case 2). Once achieved, (the introduction of Six Sigma was instrumental in achieving this cultural shift), the emphasis on quality and efficient production became a constraint to growth. An emerging recognition of the need to be flexible, adaptive and innovative was articulated in case 5, and a cultural shift from production to service was seen as a necessary precondition to realising these organisational characteristics. Both organisations reflected a controlled strategy process with 'participation' limited to communication of pre-determined objectives to middle managers, exhibiting an 'organisational control' implementation style as opposed to a 'collaborative' alternative. Emphasis on financial elements is reflective of Goold and Quinn's (1990) 'financial control' style.

Figure 1
Example dimensions in the data



The *stakeholder driven* strategies comprised:

- Customer value integration (case 11)
- Customer centred innovation (cases 7, 10 and 13)
- Balancing stakeholder requirements (case 9)
- Stakeholder based innovation (case 4), and
- Customer linking (cases 3, 13 and 15)

The new strategic focus for case 11 is *customer value integration*, moving from service aggregation towards the design and delivery of customer solutions. However, cultural dimensions ('stodgy, risk adverse, unimaginative, slow, indecisive') were proposed as likely constraints to the company's new strategic focus. The new strategy was designed by one of the directors using a SWOT framework, presented to the Board, approved and communicated to staff. There are strong vertical channels of communication both up and down the structural hierarchy, however, the thrust of that communication is operational issues not strategy issues. The director responsible for strategy development recognised the need for the development of a plan to implement strategy, that is, a plan to facilitate cultural change.

Customer centred innovation in case 7 was developed around the recognition of their customers' concern about operating costs, thus a cost conscious, quality culture is central to their strategy. They exhibit a 'very traditional hierarchical structure, based around functions.' Organisational objectives drive lower level objectives which are constantly rolled and cascade down the organisation. Although they keep stories alive to learn from the past, they have recently introduced a 'value planning environment', providing a constant rolling picture. Such a process is designed to support an emergent rather than imposed strategic approach, and therefore conflict is likely to emerge from strategic options emerging from this system and the hierarchical control that currently is in evidence. Functionality is creating tensions and limiting the organisation's ability to meet objectives.

Efficiency and quality are also dimensions critical to Case 10's engagement with its customers. New innovation in design and service is built around these dimensions, and strategy operationalised within a hierarchical structure. Case 13 was the European centre of an American conglomerate. Their strategy development process included an assessment of future mergers, technology uptakes, and potential customers with whom to build an innovation platform. Knowledge acquisition and synthesis is an important aspect of strategising in case 13. "Information is collected from the press, patent activity, rumours from customers and suppliers, competitive intelligence, world events that we can't forecast but we gather the best information we can get. Pulling together expertise and knowledge needs the right people," and shared databases aided knowledge dissemination. Planning reflects the hierarchical structure with functional directors providing guidance that is integrated and communicated through the hierarchy. To break down the hierarchy (a flatter structure is planned), teams have been initiated and are described as 'making better progress'

Case 9 delivers a social service to a large geographic area of the United Kingdom. As such, the company is required through legislation to incorporate stakeholder objectives and policies in their strategy. The customer's requirements are bounded by these stakeholders' constraints, thus, strategic options are considered within a number of political agendas. 'We needed shareholder approval and joint ventures to address innovation needs' of the organisation. Capturing information on emergent customer behaviour was seen as important in the drive towards building a service culture. However, high absenteeism is at counterpoint to such a culture.

Stakeholder based innovation was the main strategic focus of case 4. Portfolio analysis and SWOT analysis were described as useful tools to organise thinking but inadequate to support decision making. Case 4 developed a specialist scenario planning game that provides input to imposed strategy design, and is also a mechanism facilitating strategy adaptation and emergence. The tendering mechanism of this industry requires the integration of resources from a variety of international manufacturer partnerships, which on other occasions may be acting in direct competition to them through aligning their resources with other competitors. The industry is consolidating and restructuring, and the scenario planning system is used to test the consequences of alternative paths to industry consolidation. Within the system, strategy can be enacted, and competitors respond, providing on-going input to strategy decision-making. Important inputs to the strategy process are knowledge on customers and markets and the politics of building and exiting strategic partnerships. Interrelationships with government are highly influential, and policies prohibit specific strategic options. The formation of a joint venture with a competitor with complementary resources has highlighted cultural differences that may create conflict in strategy realisation. While case 4 is customer focussed with a strong planning culture, the partner is more functionally focussed, with an 'it will be alright on the night' approach to conducting business activities.

In addition to the cultural differences between the joint venture partners, structural differences were also described and anticipated to be a source of conflict within the joint venture. A major area of difference was identified to be the level of delegated authority. As case 4 is a family oriented organisation with long-standing staff, authority is devolved to the lowest level possible. 'The CEO started here as an apprentice. The Engineering Director also was an apprentice. They have confidence through the commitment of the staff, which leads to empowerment.'

Customer linking was categorised as a separate strategy option, as in each of the cases (3 and 15), linking was seen as a mechanism to build competitive advantage. Strong customer relationships were viewed as a mechanism to block competitor access, with the main objective to achieve planned sales in very competitive industries. This performance outcome was supported through a results oriented culture (case 3) and an on-time culture (case 15). Both cases 3 and 13 operated in commodity markets with little differentiation.

Leveraging strategies included leveraging market leadership position (case 8), leveraging core competence (quality manufacturing – case 12), and leveraging capabilities (case 6). Specifically, leveraging was observed to be associated with:

- Market position (market leader with significant volume advantage)
- Core competence (quality manufacturing, high tech solutions), and
- Capabilities (integration, distribution).

Cultural dimensions were articulated as 'cost obsessive' (case 6), 'risk adverse, cost conscious but technical excellence' (case 8) and 'daily learning' and 'quality' (case 12). This latter case competes in a high technology based industry, and has recently appointed a number of technically excellent middle managers from outside the company in an attempt to move the culture from a product to a value-added, service mind set. In case 12, a culture of 'daily learning' had emerged as the organisation seeks to change their strategic emphasis from leveraging their core competence to a stakeholder driven emphasis. This cultural shift was seen as central to successfully implementing customer centred innovation. Case 6 exhibited a global, matrix management structure to realise growth objectives in a contracting market, and become more powerful in the world market. The strategy process is 'top down' and financially driven, with growth focussed on developing nations. They emphasise global best practice (which is reflected in cost efficient manufacturing) and their distribution capability identified as critical in accessing new markets, or competing in current ones more efficiently. Thus, leveraging strategies were aligned with a cost efficiency culture integral to manufacturing and/or production excellence in industries that were mature or declining. Although case 8 exhibited a cost conscious culture in the maturing side of their business, and alternative culture of relationships and innovation is emerging to support the high margin products in other business units.

Innovation is the dominant competitive strategy option for one organisation in which creativity was important, where clever people are employed and stay with the firm, which exhibit a supportive environment, and where strategy is organic and constantly revisited, and based on opportunism, customisation and flexibility (case 14). Innovation was the also the dominant strategy dimension embedded in a culture bounded by the need for risk containment (case 1). The nature of the industry in which the latter organisation was engaged (pharmaceutical) and the emergence of virtual network organisations as an alternative business model provided an additional dimension of 'stakeholder based innovation', however, innovation was clearly the dominant dimension in case 1's competitive strategy. Unlike case 14, case 1 was structurally hierarchical, with collaboration actively encouraged horizontally within the hierarchy. In case 1 cultural change to support a new service emphasis was not being embraced. *"Therefore involving middle management in briefings – interactive – so they understand and appreciate new focus"* and *"All managers will go off site and be briefed on where the Board sees the company is going and what managers views on that are – not to get them to refine the path, but to get them to see where the emphasis is changing. In the past no plans ever went to managers but they understood the quality culture."*

Discussion and Conclusions

The identification of four dominant competitive strategy categories in the data (stakeholder driven strategies, resource investment strategies, leveraging strategies and innovation) has provided an alternative competitive strategy conceptual framework that integrates and extends competitive advantage, rivalry and positioning frameworks (Jaworski and Kohli, 1996; Porter 1980; Reis and Trout 1986), the generic competitive strategies of low-cost, and differentiation (Porter, (1985), and Sudharshan's (1995) emphasis on relationships. Key differences in emphasis within the category 'stakeholder driven strategies', have been described to emphasise the various and different desired outcomes that a focus on value integration, customer focussed innovation, stakeholder based innovation, balancing stakeholder requirements, and customer linking will deliver.

The data revealed tension between structure, culture and strategy. Structuring around functions was perceived to inhibit strategy implementation and achievement of objectives. One functional area might be successful, but another will fail to deliver, so projects are constantly at risk. Surprisingly few examples of cross-functional teams acting as mechanisms for dissemination of knowledge and employee empowerment were observed. Structure was perceived to limit strategising in all but the senior levels of the organisation and little evidence supported a top-down bottom-up approach to strategy development.

Culture was seen as an important enabler of strategy change. Those interviewed realised the significance of the challenge of achieving cultural change (for example moving from a cost conscious/quality culture to a service/collaborative culture as the strategic emphasis changed from a production emphasis to an emphasis on customer needs and, subsequently, a solutions, ‘can do’ culture. Evidence from several case narratives suggests that the evolution of organisational strategy, culture and structure were intertwined. New strategies were designed, however implementation revealed a need to create new assumptions, values and structures to realise the strategy.

There was wide acceptance of SWOT as a mechanism for organising information to support strategy development, although few adopted this framework as the definitive mechanism for strategy development. Some supplemented the framework with envisioning. It was interesting that its application as mechanism for organising information was not perceived to bound managers’ sense-making and strategising. The data revealed little emphasis on learning from mistakes, corporate memory, and keeping stories alive. Beyond traditional frameworks, managers looked to sophisticated games, blue sky, and futurists (Hirsch 1976) for inspiration.

Drivers of strategic choice were identified as risk control, reputation of quality, global access, innovation, moving staff from a product to a service mentality, flexibility and opportunism. Co-optition (alliances with competitors) emerged in one industry as a structural facilitator to access resources necessary to build customer value. This specific organisation (case 4) displayed Deshpande and Webster’s (1989) clan archetype, while many case organisations exhibited autocratic archetype behaviours. Only one organisation demonstrated the entrepreneurship and flexibility associated with an adhocracy archetype (case 14).

While there appeared to be cultural consistency in those organisations adopting a resource investment strategy, it was interesting to note that very different cultures and structures were associated with the adoption of an innovation strategy. Opportunism was a key emphasis for both cases, more reflecting Quinn's (1978; 1980) logical incrementalism than a design school process. However, experimentation and political processes seem less significant elements than Quinn suggests, perhaps a result of the technological basis as opposed to the logic basis of the incrementalism. In keeping with this approach, case 1 was not a risk-taker and did not engage in creative R&D strategy, despite claims (case 1) of 'thinking outside the box' and of a flexible matrix structure. Maybe this is a function of company size and resources or the incorporation of the organisation in a network. In case 14, creativity and flexibility appeared to dominate the strategy context. Certainly, the target of the innovation was the customers, and innovative technology solutions the desired deliverable. This targeted creativity emphasis within case 14’s innovation strategy facilitated the opportunity for transition causing innovations, which was not evident in case 1. These findings support Lemon and Sahatra’s (2004: 483) proposition that innovation is inseparable from the culture that facilitates it i.e. “Innovation is holistic in nature and is inseparable from the culture that facilitates or constrains the ability to ‘add value’”.

The broad proposition that organisations with an espoused set of values are moving from a strategic focus of intense competitive rivalry, and using whatever means they can to ‘beat’ their competitors, to focusing their energies towards providing the best possible value for targeted client organisations (Jarratt and Fayed 1999) was supported by the data. Stakeholder driven strategies were common choices for organisations experiencing competitive rivalry, with organisations choosing to build competitive barriers through linking and value creation rather than engaging in profit sapping rivalry tactics. Such an approach supports Lowendahl and Revang’s (1998) post industrial view of competitive organisations having access to the same resources, and competitive advantage emerging from the value adding uniqueness of asset organisation and relationship building.

In designing and implementing strategy, the research has revealed that the key challenges for strategists today are encouraging thinking beyond traditional boundaries, the management of change and relationship facilitation. The application of traditional tools for organising information acts as a mechanism to create bounded pictures of the organisation and its relationship with its environment, thus limiting strategic option definition. The concept of the 'strategist as a facilitator of envisioning' is counter to this traditional view. In a context of globalisation, technological leap-frogging and the emergence of new competitive forms, frameworks integrated into a planning process should facilitate an understanding of future environments beyond traditional industry boundaries and current understandings of specific customer needs. Strategies need to be conceptualised within changing value systems and behaviours, new legislative arenas, anticipated technological advances, and unique combinations of short and long term alliance options. Calori (1998: 284) argues that traditional frameworks guiding strategising have 'a bias towards thinking as opposed to other forms of knowledge, a bias towards binary logic and a disregard of feelings (emotions and morale) in understanding reasoning and decision-making. He encourages managers stay close to the operations of the organisation and to bring intuitive people into top management teams to facilitate the acceptance of incorporating imagination and moral rules into the strategy process and as a mechanism for managing uncertainty across the organisation (: 300).

Innovation, archetype change and the reconfiguration of resources are dominant themes in the articulation of strategy, and emphasise flexibility as a meta-capability of organisations seeking to retain a dominant force in the market. Strategic change may need to accompany changes in human resource remuneration and assessment policy, decision-making practices and structural and cultural change. The notion of 'strategist as a change agent' encourages greater emphasis on integration of implementation into the strategy design process. In addition, given the role of innovation and re-configuration of capabilities, skills and assets in strategy design, 'strategist as a relationship facilitator' encourages emphasis on cross-fertilisation of ideas, stakeholder based knowledge, and of functionality to achieve value and operational excellence.

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