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**This dissertation is
submitted for the degree of Doctor of Philosophy:**

The process of strategy formation in high-growth SMEs

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07 November 2018

Abstract

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This dissertation explores the topic of strategy formation in high-growth SMEs. High-growth SMEs represent the growth and job creation engine of an economy; however, little has been understood on how strategy forms and develops in high-growth SMEs.

The focus on large organisations has led to a literature gap regarding strategy making in SMEs (Wisener and Millett, 2012). "There is a need for deeper understanding" of strategy formation processes in SMEs (Lofving et al., 2014) and "research focusing on questions such as how firms grow […] has been neglected." (Wright and Stigliani, 2012)

The research objectives are: to understand how strategy forms and develops in high-growth SMEs; to develop a framework for the qualitative study of strategy formation processes in high-growth SMEs; and to identify enablers and barriers related to strategy formation processes in high-growth SMEs.

A multiple, retrospective case-study methodology has been used. Extensive case studies built on in-depth interviews with management have been compiled to understand the complexity of the studied phenomenon.

The research develops two qualitative research tools based on the literature review: a preliminary framework and an assessment matrix to study strategy formation processes. Furthermore, the research introduces a new approach to strategy charting.

The key contributions of this research are as follows:

- A holistic view of how strategy processes in high-growth SMEs form and develop is provided. New insights into the structures, characteristics, and other aspects of strategy formation processes have been articulated.
- A framework for the qualitative study of strategy formation processes in high-

growth SMEs has been developed by applying the cross-case analysis findings to the preliminary framework.

- New enablers and barriers related to strategy formation processes in high-growth SMEs have been identified. New findings on the role of strategy formation in achieving growth have been outlined.

This dissertation narrows the gap between strategy formation in academia and real life by providing practitioners with detailed case studies which can be used as guidelines for the development of strategy formation processes. The research can also help SMEs' managers to tackle challenges encountered in strategy formation and to support catalysts which enable strategy formation.

This dissertation provides exploratory findings into a phenomenon which has been limitedly researched. Further research should seek to generalise and test the findings on additional SMEs.

Dedication

To my mother

Preface

This dissertation is the result of my own work and includes nothing which is the outcome of work done in collaboration except as declared in the Preface and specified in the text.

It is not substantially the same as any that I have submitted, or, is being concurrently submitted for a degree or diploma or other qualification at the University of Cambridge or any other University or similar institution except as declared in the Preface and specified in the text. I further state that no substantial part of my dissertation has already been submitted, or, is being concurrently submitted for any such degree, diploma or other qualification at the University of Cambridge or any other University or similar institution except as declared in the Preface and specified in the text

It does not exceed the prescribed word limit for the relevant Degree Committee.

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Table of contents

LIST OF FIGURES

LIST OF TABLES

Glossary of key terms

Term	Meaning in this research
Assessment matrix (AM)	a literature-derived matrix of characteristics used to evaluate the features of a strategy formation process
Characteristic of an assessment matrix	a criterion used to evaluate strategy formation processes
Cycle	a strategy formation process which comprises some or all of the stages of the preliminary framework
Completed assessment matrix template	an assessment matrix in which a value is assigned to each characteristic of a strategy formation process of a case company
Completed preliminary framework template	a preliminary framework whose stages are compared to the strategy formation activities of a case company
Framework	a structure or procedure which supports strategy formation
Iterative stage	a stage which takes place several times within the same cycle
One-off cycle	a cycle which takes place only once
Overlapping cycles	two cycles of which one or several stages overlap
Preliminary framework (PF)	a literature-derived framework of a strategy formation process which comprises ten stages
Recurring cycle	a cycle with the same stage structure which takes place repeatedly and consecutively
Stage	a component activity of the preliminary framework
Strategy formation	a strategy development process (irrespective of the type of strategy: emergent, intended, or a combination of both)
Strategy formulation	an intended strategy development process
Strategy map	an amended strategy chart used to display and analyse data extracted from the case narratives of the case studies

List of abbreviations

Abbreviation	Meaning
BoD, Board	Board of Directors
BOP	Beginning of period
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
CTO	Chief Technology Officer
EC	European Commission
EMEA	Europe, Middle East and Asia
EOP	End of period
EOY	End of financial year
ERP	Enterprise resource planning
FTEs	Full time employees
IfM	Institute for Manufacturing
IT	Information technology
KPI	Key performance indicator
KVM	Keyboard video mouse
M	Million
M&A	Mergers and acquisitions
MD	Managing Director
MBO	Management buyout
NED	Non-executive director
OECD	Organisation for Economic Cooperation and Development
p.a.	Per annum
PA	Personal assistant
PE	Private equity
R&D	Research and development
Q&A	Questions and answers
RBS	Royal Bank of Scotland
Sqf	Square foot
SMB	Strategic Management Board
SME	Small and medium-sized company
SWOT	Strength, weaknesses, opportunities and threats
UK	United Kingdom
USA	United States of America
WB	World Bank

1 Introduction

1.1 Research background

SMEs represent the wealth creation engine of a nation. Although a large number of firms are set up every year, only a limited number deliver sustainable growth. Empirical observations show that there is a plethora of small businesses which report accelerated growth and fail to sustain it, thus floundering once external stimuli disappear.

The researcher has been intrigued to understand whether the success of high-growth SMEs is carefully planned and winners develop a strategy for growth deliberately, or their success is arbitrary, driven by market conditions and luck. The ultimate goal of this research is to provide qualitative insights from successful case studies to support future SMEs to achieve sustainable growth.

This chapter positions the research topic in an academic context and frames the main areas that will be covered in the literature review. It also introduces the research aims and outlines a dissertation plan.

1.2 Research areas and topic

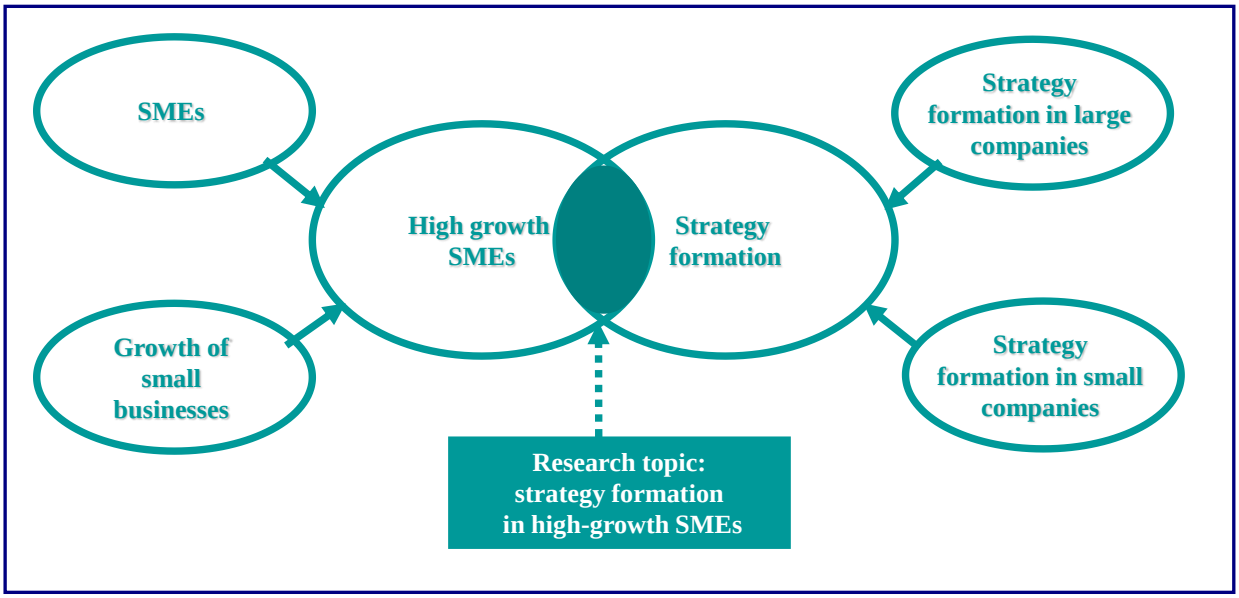
This research lies at the intersection between the research areas of high-growth SMEs and strategy formation processes (Figure 1).

Small firms' growth is a topic which has gained increasing popularity among academics over the past two decades given the importance of small businesses to economic growth. Within this study area, high-growth small firms remain a topic relevant to the current macro-economic environment when large companies face challenges and SMEs represent a healthy growth engine.

Strategy formation has been an area intensely researched since the mid-20th century, well known for the planning models which were popular among large companies at the time. The field has witnessed the rise of additional paradigms and remains a domain open to further exploration.

Strategy formation and high-growth small firms have been less researched using a qualitative methodology. This research aims to study the area of strategy formation in high-growth SMEs, which has been understudied and has a thin theoretical foundation.

Figure 1: Literature review areas and research topic



1.3 Research aims

The main research objective is to understand how strategy forms in high-growth SMEs. This research aims:

i) to understand how strategy forms and develops in high-growth SMEs

ii) to develop a revised framework for the qualitative study of strategy formation processes in high-growth SMEs based on the extant literature

iii) to identify enablers and barriers related to those processes.

1.4 Research contribution

This research contributes to theory building and practice. A research contribution to theory building can take different forms: a "*categorisation*", a "*framework*" or a "*model*", all of them being facets of the same concept of *theory* building (Christenssen and Sundahl, 2001; authors' italics).

The aims of this research, i.e. to develop a framework for the qualitative study of strategy formation processes and categorise factors encountered during those processes, correspond to the forms of theory building described by Christenssen and Sundahl. This research lays the foundations of a theory on strategy formation in high-growth SMEs by explaining the behaviour of the studied phenomenon (Christenssen and Sundahl, 2001).

The framework also has practical applications by supporting founders and key decision makers of SMEs to formulate and implement strategy formation processes that enhance growth and overcome barriers to strategy formation.

1.5 The dissertation structure

This dissertation is structured in seven chapters (Figure 2) as follows:

1. Introduction
2. Literature review
3. Research questions and design
4. Research design execution
5. Case studies and within-case analyses
6. Cross-case analysis
7. Summary and conclusions

Figure 2: Dissertation plan

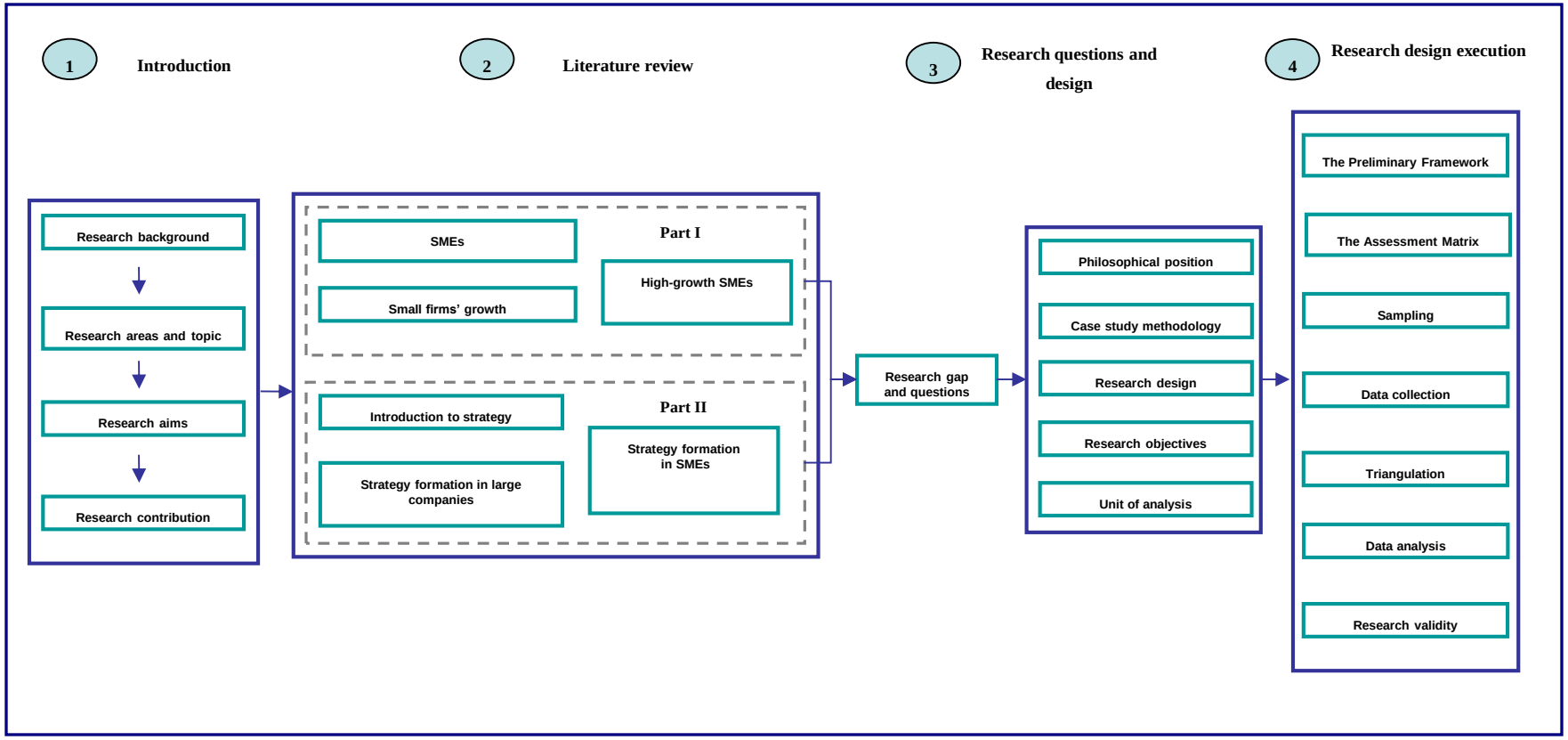
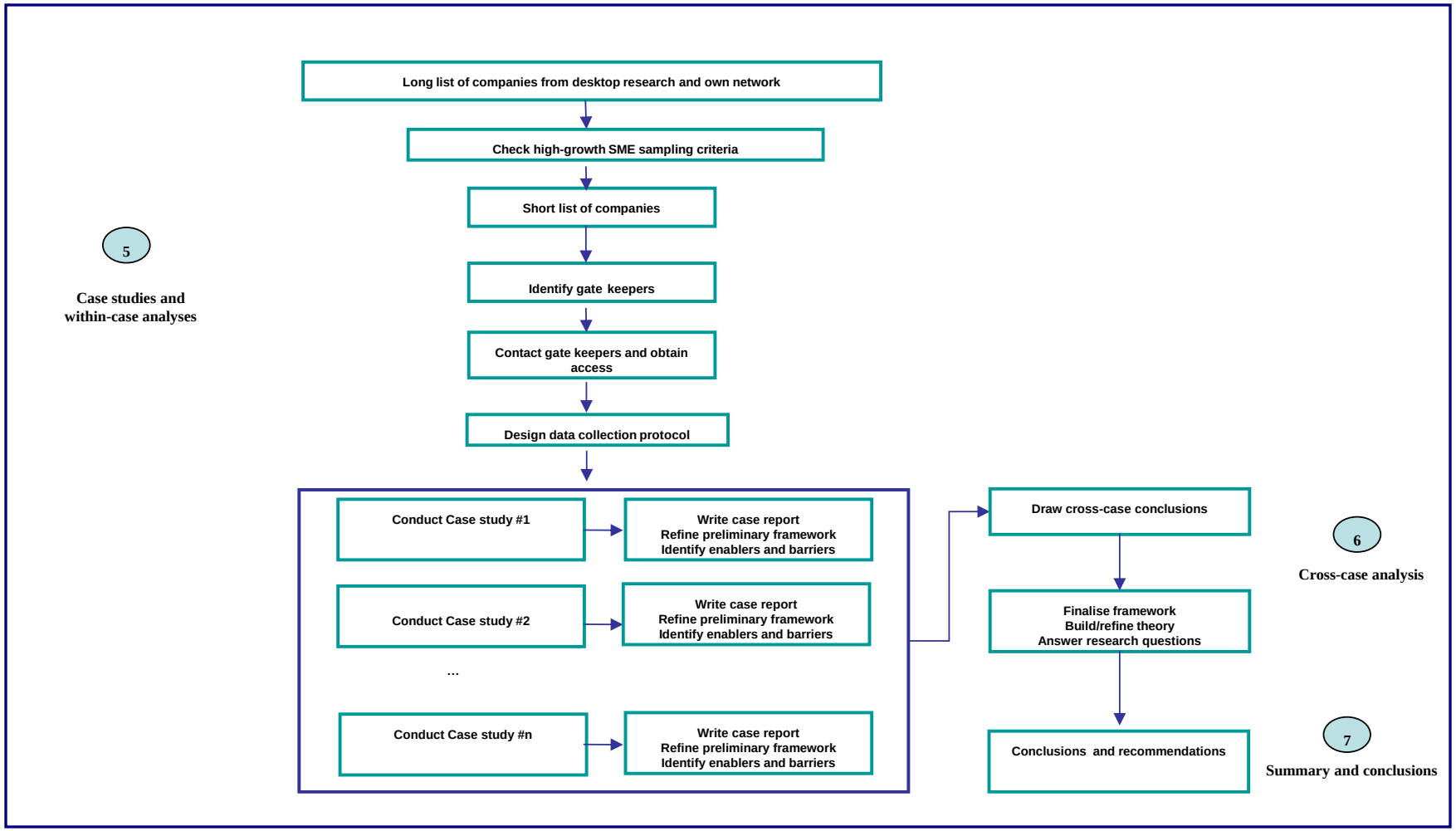


Figure 2: Dissertation plan (continued)



1.6 Chapter conclusion

The dissertation aims to research strategy formation in high-growth SMEs. The research objectives are: to understand how strategy forms and develops in high-growth SMEs, to develop a framework for the qualitative study of strategy formation processes in high-growth SMEs, and to identify enablers and barriers related to those processes. This research aims to contribute to theory building and practice.

The dissertation plan includes seven chapters. The theoretical context of this research focuses on SMEs, small firms' growth, high-growth SMEs, and strategy formation in large and small companies. The research gap and questions will result from the literature review.

The proposed research methodology and design execution are outlined in the subsequent chapters. The findings will be presented in two parts (within-case and cross-case analyses) and discussed in the context of the extant literature. The dissertation concludes with a summary of findings and conclusions which present the research contribution and limitations, and make recommendations for future research.

2 Literature review

The chapter comprises two parts: high-growth SMEs and strategy formation. The first part introduces SME definitions and characteristics, addresses the main directions of research on small firms' growth and reviews the literature findings on high-growth SMEs.

The second part introduces the concept of strategy and highlights four main theoretical approaches to the definition of strategy. It also reviews the main theoretical streams in strategy formation in large companies and SMEs.

2.1 SMEs

Researchers and governments are interested in the study of SMEs because they provide a significant contribution to employment, innovation and economic growth.

2.1.1 Definitions

There are several SME definitions depending on the development level of a country, metrics used and values of those metrics. The most widely accepted definitions are set by international institutions, such as EC and WB, and use similar metrics: staff headcount, annual revenue and total assets.

2.1.1.1 EC's definitions

EC set clear criteria to define SMEs, which came into force in 2005. The definitions classify small firms in micro, small and medium-sized enterprises based on the values of the staff headcount, revenue or total assets (Table 1).

Table 1: EC's qualification criteria[1]

Enterprise category	Staff headcount (FTEs)	Annual revenue (€ million)	or	Total assets (€ million)
Medium	< 250	≤ 50		≤ 43
Small	< 50	≤ 10		≤ 10
Micro	< 10	≤ 2		≤ 2

Source: EC1

While the staff headcount criterion is compulsory, an enterprise can choose to meet either the revenue or asset criterion to fall in one of the three enterprise categories. This flexibility accounts for differences in the nature of SMEs' business activities. EC clarifies that an enterprise will lose its SME status if it exceeds the headcount or financial ceilings for two consecutive periods. Conversely, a large enterprise will become an SME if its headcount and financial metrics meet the qualification criteria for two consecutive years.

Firms that exceed the qualification criteria as a result of a merger or consolidation would lose the SME status immediately. EC introduced conditions regarding the ownership status of an SME. An SME can be autonomous, linked or partner. Its ownership status impacts the computation of headcount, revenue and total assets (Table 2).

Table 2: SME ownership categories

SME category	SME's ownership in another firm		Another firm's ownership in an SME	Metric computation
Autonomous	Less than 25%	and/or	Less than 25%	No consolidation
Partner	At least 25%, less than 50%	and/or	At least 25%, less than 50%	Consolidate pro-rata with the ownership percentage in the other firm
Linked	At least 50%	and/or	At least 50%	Consolidate 100% of the headcount, revenue and assets of the other firm

Source: EC2

[1] EC provides clear guidance regarding the measurement of each criterion. A headcount should count a full-time employee as a unit and part-time and seasonal employees as fractions of a unit. Turnover should be computed post any rebates and excluding VAT and any other indirect taxes. The balance sheet criterion refers to the value of total assets.

2.1.1.2 WB's definitions

WB uses similar metrics as EC, but has different value ranges. SMEs, including their affiliates, are companies that meet two of the following three criteria as shown in Table 3:

Table 3: WB's criteria

Size	Headcount	Annual revenue	or	Total Assets
Medium	≤ 300	≤ US$15 million		≤ US$15 million
Small	50	≤ US$3 million		≤ US$3 million
Micro	≤ 10	≤ US$100,000		≤ US$ 100,000

Source: IFC Banking Guide, 2009

2.1.1.3 OECD's definitions

OECD defines SMEs, small firms and micro-enterprises as registered companies with less than 250 employees, less than 50 employees, and 5-10 employees, respectively. OECD does not have its own criteria to define SMEs, but makes reference to EC's definitions.

2.1.1.4 SME definitions used in the USA

SME definitions have been formulated by the Small Business Administration. The definitions vary by sector and use either turnover or turnover and headcount criteria, e.g. the turnover threshold in the construction sector is US$33.5 million and in the services sector the threshold is US$35.5 million while the largest allowed headcount is 1,500 employees in labour intensive manufacturing sectors.

2.1.2 Characteristics of SMEs

Although SMEs are officially defined through quantitative criteria, qualitative aspects differentiate SMEs from large enterprises. The difference in size between SMEs and large firms has the following implications, as shown in Table 4:

Table 4: Implications of size on SME characteristics

Aspect	Advantages for SMEs	Disadvantages for SMEs
Ownership and management	High management visibility Flexibility allows new change initiatives	Limited delegation, owner controls operational aspects of the business and suppresses teamwork involvement Management frequently deals with day-to-day organization crises
Structure	Flat structure and short decision making processes allow a faster information flow, which can improve communication	
Culture and behaviour	Unified culture provides a good foundation for change High incidence of innovation can nurture a continuous improvement culture Reduced bureaucracy helps to improve the success of new initiatives	Decisions restricted by financiers, customers, legislation and firms' owners
Systems, processes and procedures	A low degree of specialisation results in a broader perspective of issues and problems rather than narrow specialist functional views; it provides better improvement ideas	Improper and inadequate systems and procedures can affect efficiency and result in employees' dissatisfaction Lack of financial resources can affect investment in new products and processes
Human resources	Employees take more responsibilities; they have chances for faster promotion	Training and staff development is ad hoc and on a small scale Attracts less qualified people as SMEs often cannot afford competitive salaries
Customers and markets		Easily dictated by large companies (if they are customers)

Source: adapted from Sousa and Aspinwall (2010)

SMEs' characteristics also change in line with their growth stages (Table 5).

Table 5: Management role and style during growth stages of SMEs

Stage	Top management role	Management style	Organisation structure
Inception	Direct supervision	Entrepreneurial, individualistic	Unstructured
Survival	Supervised supervision	Entrepreneurial, administrative	Simple
Growth	Delegation/coordination	Entrepreneurial, coordinate	Functional, centralised
Expansion	Decentralisation	Professional administrative	Functional, decentralised
Maturity	Decentralisation	Watchdog	Decentralised functional/product

Source: Scott and Bruce (1987)

Conclusion

Headcount and revenue have been the most commonly used metrics to define SMEs. While headcount values used in various definitions are quite similar (i.e. up to 250-300 employees), revenue values differ significantly, with the upper limit for a medium-sized company ranging from US$15 million (WB) to €50 million (EC).

SMEs are not a uniform group. Their characteristics, management styles and organizational structures are different and change in line with firms' development stages. This dissertation uses the EC's definitions as they have been the most frequently used in SME studies (Berisha and Pula, 2015).

2.2 Growth in small companies

Entrepreneurs and researchers have different views on the meaning of success and use different parameters to express it; however, they agree that growth is an unequivocal measure of success (Franczak et al., 2009; Achtenhagen et al., 2010). The study of small firms' growth is important to governments and practitioners because growth stimulates job creation and innovation, and increases the chances of survival of small firms (Dobbs and Hamilton, 2007).

Based on an extensive review of the literature on small firms' growth, McKelvie and Wiklund (2010) concluded that there were three main research directions: growth as an outcome, the outcome of growth, and growth as a process.

Dobbs and Hamilton (2007)'s ample literature review on small business growth literature since the mid-1990s found six approaches to the study of growth: stochastic, descriptive, evolutionary, resource-based, learning and deterministic. They also reported findings on "measuring growth".

Penrose (1959) argued that the concept of growth had been used in two contexts: to refer to an increase in a metric, e.g. sales, output; and to mean "a process of development accompanied by changes in the characteristics of the growing object".

The literature review findings led to the synthesis of three major themes:

- Growth as a construct, which studies:
  - growth operationalisation
  - growth measurement
- Growth as an explanatory variable, which studies:
  - growth as a determinant
  - growth as an outcome
- Growth as a process, which studies growth over an extended period

2.2.1 Growth as a construct

Although researchers and practitioners have accepted the importance of the study of small firms' growth, there are divergent opinions on the operationalisation and measurement of growth (Delmar and Davidsson, 1998). Furthermore, practitioners view growth as a process and internal development whilst scholars view growth simply as an operationalization (Achtenhagen et al., 2010).

2.2.1.1 Growth operationalisation

Growth operationalisation refers to the indicators used to express growth. There is no consensus regarding universally accepted metrics for growth. Ardishvili et al. (1998) and Davidsson and Delmar (1997) conducted extensive literature reviews on growth and articulated a list of the most frequently used growth indicators: "*assets, employment, market share, physical output, profits,* and *sales."* (Delmar et. al, 2003; authors'' italics).

The list was extended and grouped indicators in two categories:

- Business/operational indicators:
    - employment
    - market share
    - physical output
- Financial indicators:
    - turnover
    - profitability
    - total assets
    - equity

Each of the listed indicators has its own drawbacks: "[…] market share and physical output can only be compared within industries for firms with a similar product range […] total asset value is highly related to the capital intensity of the industry and sensitive to changes over time. And, while profits are an important indicator of success, the relationship of

profits to size is only evident in aggregates of firms or over long periods of time for individual firms." (Delmar et al., 2003).

Employment and sales have been the most commonly used growth indicators as data is easily available and they do not raise computation difficulties (Dobbs and Hamilton, 2007; Achtenhagen et al., 2010). However, both have limitations which make comparisons across sectors difficult.

Biases with the use of employment:

- Employment can be influenced by the labour intensity of a sector, e.g. comparing headcounts of firms in services and manufacturing could be misleading.
- Employment can be impacted by changes in labour productivity (Delmar et al., 2003), e.g. a firm can make substantial investments in assets (i.e. new technology equipment) to increase output, which would not necessarily reflect in a corresponding increase in employment.

Biases with the use of sales:

- Sales are sector biased, e.g. comparing firms in distribution with firms in manufacturing or services is misleading since the sales of distribution firms reflect the prices of the goods distributed while the sales of manufacturing or services firms correspond to their actual revenue.
- Sales are subject to inflationary and foreign exchange influences.
- Sales are influenced by a firm's stage of development, e.g. a startup will commit capital (i.e. assets) and hire people (i.e. employment) long before a corresponding increase is reflected in sales (Delmar et al., 2003).
- Sales can be significantly impacted by strategic decisions, e.g. if a firm makes an acquisition the increase in sales from the resultant business combination does not represent a reflection of the sales performance of the acquirer; for an accurate measurement, one should isolate the impact of the sales of the acquired company from the sales of the acquirer.

Given the limitations of those metrics, some of the researchers choose to use a combination of growth indicators or an index (Delmar et al., 2003) to mitigate biases with the use of stand-alone indicators (e.g. "the David Birch Employment Growth Index corrects for firm size by employing the product of absolute growth and percentage growth" (Garnsey et al., 2006)).

Kiviluoto (2013) also recommends a holistic approach of using sales growth in conjunction with other indicators, as the former does not explain the complexity of a firm's success.

2.2.1.2 Growth measurement

Besides operationalisation, growth measurement adds further complexity to the analysis of small firms' growth. Dobbs and Hamilton (2007) argued that the choice of the type of measurement could influence research findings. They investigated three types of growth measurements and connected issues:

Absolute versus relative growth:

- *Measurement explanation:* Growth in absolute terms measures the difference between two values of the same indicator while growth in relative terms measures the percentage change between two values of the same indicator.
- *Measurement bias*: Measuring relative growth of firms in different stages of development could be misleading. In early stages of development relative growth could return high percentages given the low base for computation while growth percentage could decrease as a firm develops. A solution to mitigate this bias is to use and interpret both absolute and relative growth.

Timing of growth:

- *Measurement explanation:* Timing of growth refers to the times when values of a growth indicator are measured.
- *Measurement bias*: Most studies on growth have been conducted on a cross-sectional basis, measuring growth for one year and ignoring growth outside a researched period. Longitudinal studies that measure growth over a long period mitigate this drawback

and allow for the identification of growth patterns and drivers (Delmar et al., 2003; Davidsson and Delmar, 2003). However, longitudinal studies have been rare given the length and high costs associated with this type of research.

Linear versus sinuous growth:

- *Measurement explanation:* Growth could have a linear function representation, i.e. a consistent succession of positive or negative changes of the measured indicator or a non-linear function representation, i.e. a succession of peaks and troughs.
- *Measurement bias*: Measuring a change in the values of a growth indicator between the start and end of a period does not reveal the growth dynamic during that period. To overcome the bias a number of researchers propose a measurement of the slope of a regression line generated by the values of the growth indicator during the period studied (Weinzimmer et al., 1998).

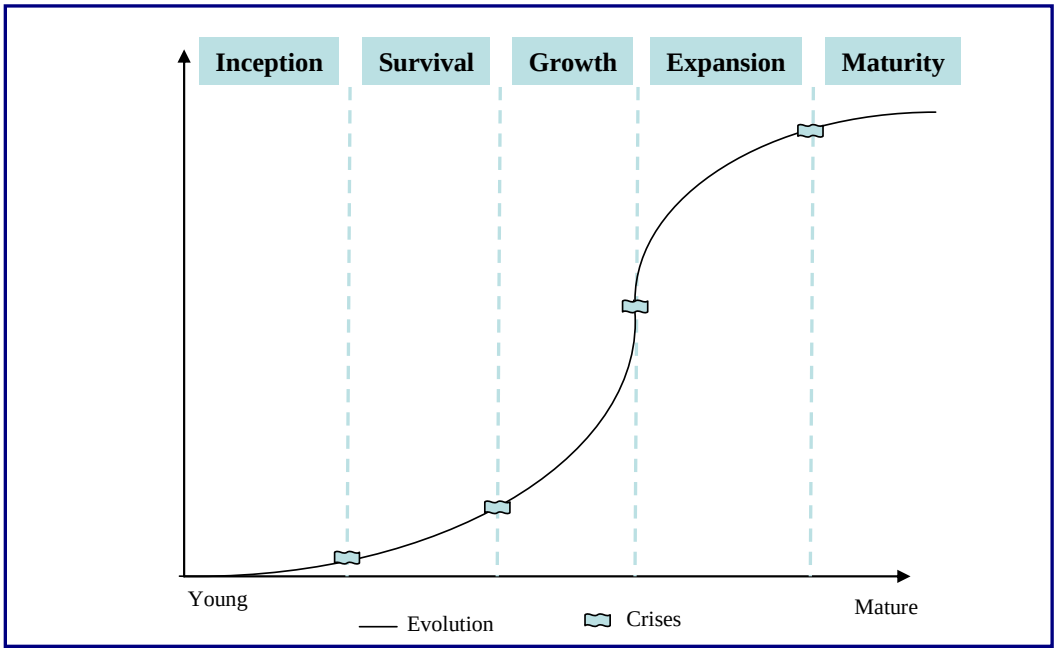
2.2.2 Growth as an explanatory variable

Research on small firms' growth, which studies growth statistically as a determinant or an outcome, is the most frequent (McKelvie and Wiklund, 2010).

2.2.2.1 Growth as a determinant

Research, which approaches growth as a determinant or independent variable, studies firms' development stages and contrasts a linear, smooth growth trend with a disruptive growth evolution, interrupted by crises between development stages (Greiner, 1972). Crises are events which prompt the transition to the next development stage and have implications on management style, organisation structure, and financial and investment objectives (Scott and Bruce, 1987) (Figure 3).

Figure 3: Small firms' growth stages



Source: adapted from Scott and Bruce, 1987

This approach to growth, usually investigated with exploratory research methods and based on field observations, has been criticised as lacking solid theoretical foundations (McKelvie and Wiklund, 2010). Senderovitz et al. (2016) also criticised life-cycle models as lacking empirical support; they found a positive relationship between high growth and profitability, moderated by market strategies of fast-growth firms.

2.2.2.2 Growth as an outcome

The deterministic approach to growth, which studies growth as an outcome or dependent variable, has been the most common. Small firms' growth literature abounds with studies that attempt to identify factors driving growth and establish causal relations between those factors and growth.

Storey (1994) argued that small firms' growth was determined by three factors, which need to be met simultaneously: "the background/resources of the entrepreneur, the nature of the firm and the strategic decisions taken by owners-managers". Colombelli (2015) and Ipinnaiye et al. (2017) found that management teams' and firms' characteristics, strategy

and macroeconomic environment determine growth. Blackburn et al. (2013) concluded that firms' size and age were more important than strategy and owners' characteristics in driving small firms' growth.

Dobbs and Hamilton (2007) reviewed 34 research papers published between 1995 and 2005 and classified the factors influencing growth in four categories as shown in Table 6:

Table 6: Growth determinants

Management strategies	Entrepreneurs' characteristics	Environment/ industry factors	Firms' characteristics
○ Growth as objective ○ Employee recruitment and development ○ Product/market development ○ Financial resources ○ International expansion and alliances	○ Motivation ○ Education ○ Experience ○ Size of the founding team	○ Sector choice ○ Industry structure: - Demand side variations - Supply side variations - Competition - Market concentration	○ Age ○ Size

Source: Dobbs and Hamilton (2007)

The relation between firms' size, age and growth is one of the most controversial factors explaining growth. Gibrat (1931, cited in Evans, 1987, p.568), found that there was no correlation between growth and size. Subsequent empirical studies confirmed or refuted Gibrat's law. Evans (1987) and Cowling et al. (2018) concluded that firms' growth decreases with firms' age and size; in other words, growth rates of young, small firms are higher than those of large, mature firms. Coad et al. (2018) found a positive auto-correlation in the growth rates of young firms and showed that young firms were more likely to register two consecutive periods of growth.

Despite the plethora of factors explaining growth, quantitative research models remain imperfect reflections of the growth phenomenon as they only provide partial explanations.

Some researchers chose a specific configuration of variables to account for the unexplained portion of growth in statistical models.

2.2.3 Growth as a process

Research on the growth process seeks to understand how growth forms. This approach is less frequent in the literature compared to the causal approach and points to a research gap aimed at providing in-depth understanding of the phenomenon. Achtenhagen et al. (2010) concluded that more qualitative research was needed as very few studies researched the process of growth qualitatively whilst the number of quantitative studies increased.

As qualitative research should be exploratory and descriptive, some researchers (e.g. Garnsey, 1998) use a case study methodology and a longitudinal approach to follow growth in evolution. Garnsey adapted Penrose's theory to the universe of small firms and identified non-linear patterns of growth of small companies surviving for longer than ten years (ibid.).

Wright and Stigliani (2012) conducted a thorough review of the entrepreneurial growth literature and concluded that "research focusing on questions such as how firms grow, why they grow according to different patterns, how decisions about growing or not growing are made, and the contextual dimensions within which growth takes place, has been neglected." New research may reconcile various growth operationalisations of quantitative studies and bridge the gap between theoretical and real-life understanding of growth (ibid.).

Conclusion

The study of small firms' growth is a dynamic area. The concept of growth has been studied from multiple angles, such as: operationalisation and measurement; as an independent and a dependent variable; and as a process. However, there is no unified theory of small firms' growth.

Researchers could not account for the unexplained portion of growth in stochastic models while the process of growth is not sufficiently understood since there is little research on the growth process development.

This dissertation addresses the lack of qualitative research on the process of growth and focuses on the growth process of high-growth SMEs. More specifically, this research aims to understand strategy formation processes in high-growth SMEs and related factors that lead to growth.

2.3 High-growth SMEs

High-growth SMEs represent an emerging theme of the literature on small firms' growth. They are a key driver of employment generation and source adjacent growth for providers of capital and advisory services to small firms (Storey, 1994).

Despite the agreement on the importance of high-growth SMEs, researchers disagree on the size of their contribution to the overall job creation. Some researchers estimated that the fastest growing four firms out of every 100 small firms in the UK would create half of the jobs in the group over a decade (Storey, 1996). A study conducted by Kirchhoff (1994) in the USA found that "the 10 percent fastest growing firms in the 1978 cohort of new firms contributed 74 percent of all new jobs created by this cohort during the eight subsequent years" (Davidsson and Henrekson, 2002).

Davidsson and Henrekson (2002) were unable to demonstrate similar findings following a study of small firms in Sweden. They argued that prior studies lacked benchmarking rigour because they compared the employment generated by high-growth small firms within a limited sample of small firms, ignoring newly created small firms.

There are various definitions of high-growth SMEs and little consensus. However, high-growth SMEs share common characteristics: they survive in the first five years, successfully overcome the difficulties of the early development stages, consistently deliver high-growth performance beyond the survival needs, and sustain the high-growth performance to become leaders in their markets (Garnsey et al., 2006).

Dwyer and Kotey (2016) led an ample review of the literature on high-growth firms and identified the following markers for growth: "training and experience in entrepreneurship and management, and strategies focused on innovation, marketing, and employee and organisational learning."

Some studies define high-growth firms from a relative basis by comparing their growth rates with those of a broad sample of firms; they choose top percentages of the fastest

growing firms in the studied samples. Other researchers use absolute growth criteria to categorise high-growth firms, taking into consideration specific growth thresholds of measurable parameters, such as sales and employment. High-growth firms, not necessarily only small firms, have been recognised in the literature as a distinctive category of firms called 'gazelles', a term which was first coined by Birch (Birch and Medoff, 1994).

The above criteria found in the literature have been aggregated in Table 7.

Table 7: Criteria and terminology for high-growth firms

Name	Definition	Key indicator	Type of growth	Source
Gazelles	Minimum 20% sales annual growth, starting from a base-year revenue of at least US$100,000	Sales	Relative, annual growth	Birch and Medoff, 1994
High-growth firms	- (1) Rapid growth: revenue more than doubling in real terms in 1979-90 - (2) Significant size by 1990: reaching a minimum turnover of £0.5 million - (3) Financial stability: consistent profitability	Sales Profitability	Absolute and relative, full period growth	Smallbone et al., 1995
High-growth firms	Top 10% growth firms in terms of either absolute or relative changes in: total employment growth, organic employment growth or sales volume	Employment Sales	Absolute and relative, annual and full period growth	Delmar and Davidsson, 1998
Gazelles	Businesses which have £5-250 million annual sales and sales CAGR of minimum 15% over four years	Sales	Absolute and relative, annual and full period growth	Tonge et al., 2000
Fast-growth family firms	Sales growth rates in excess of 50%; firms surveyed growing faster than 80% of all firms	Sales	Relative, annual and full period growth	Upton et al., 2001
High-growth firms	Top 10% of the firms in the data set that exhibit the highest average annual increase in absolute employment	Employment	Absolute, annual growth	Davidsson and Henrekson, 2002

Rapid-growth firms	Firms with a three-year sales CAGR of 80% or above	Sales	Relative, annual growth	Barringer et al., 2005
High-growth enterprises	Enterprises with an average employment growth rate exceeding 20% p.a. over three consecutive years and with ten or more employees at BoP	Employment	Relative, annual growth	OECD, 2010
Gazelles	Enterprises not older than five years, with an average employment growth rate exceeding 20% p.a. over three consecutive years and with ten or more employees at BoP	Employment Age	Relative, annual growth	OECD, 2010; Ahmad, 2007
Gazelles	SMEs that recorded an average annual revenue growth of 20% over at least four years	Sales	Relative, annual growth	St-Jean et al., 2008

The lack of consensus on the definitions of high-growth firms has policy implications; particularly, the OECD definition raises issues as it excludes firms which contribute to employment creation and grow steadily, but they are just below the 20% growth level (Satterthwaite, 2017; Daunfeldt, 2010).

A summary of the high-growth criteria from Table 7 has been presented below in Table 8:

Table 8: Summary of high-growth criteria

Revenue		Headcount			Source
Value	**Annual growth**	**Value**	**Annual growth**	**Period (consecutive years)**	
£5-250 million	> 15% CAGR			3	Tonge et.al, 2000
		>10 FTEs BoP	> 20%	3	OECD, 2010; Ahmad, 2007
	> 20% on average			4	St-Jean et al., 2008
>$100,000 BoP	> 20%				Birch and Medoff, 1994
>$500,000 EoP	> 100% for the entire period			10	Smallbone et al., 1995
	> 80% CAGR			3	Barringer et al., 2005
	> 50%				Upton et al., 2001
Top 10% firms with the highest increase		Top 10% firms with the highest increase in the sector			Delmar and Davidsson, 1998
		Top 10% firms with the highest increase in the sector			Davidsson and Henrekson, 2002

The above summary of high-growth criteria and EC's definitions for SMEs have been combined to formulate criteria for high-growth SMEs and presented in Table 9:

Table 9: High-growth SME criteria

Enterprise size	Revenue		Headcount		Period
	Annual growth	**Peer group comparison**	**Annual growth**	**Peer group comparison**	Years
Small and medium	At least 15%-20% on average		At least 20%		3-4
Micro	At least 10%-20% on average				10
Any SME	At least 21%-50% on average				3
Any SME		Top 10% firms with the highest increase in the sector		Top 10% firms with the highest increase in the sector	N/A

The above criteria have been used later to sample the companies researched.

Conclusion

High-growth SMEs are an attractive research topic due to their importance for employment generation, innovation and economic growth. There is a lack of consensus on the criteria and terminology used for high-growth SMEs. They have been known as fast-growing, high-growth, or rapid-growth companies; or gazelles. Researchers often customise definitions according to the purpose of their studies or available sample companies.

The criteria for high-growth SMEs used in this dissertation have been built on the EC's definitions for SMEs (i.e. firms with a headcount of 10-250 employees and €2-50 million revenue) and the criteria for high-growth firms from the literature review (i.e. firms with minimum 20% and 15% CAGR of headcount and revenue, respectively).

2.4 Introduction to strategy

The word strategy originates from the Greek ‘στρατηγός’ (strategos), which means "leader or commander of an army, general" (Wikipedia). In a military context, strategy refers to a plan of actions designed to achieve a particular goal. The adoption of strategy in business dates from after World War II due to the acceleration of competition in the business environment and the emergence of science and technology in management processes (Ansoff, 1957 cited in Bracker, 1980, p.219).

2.4.1 The early approach

The roots of strategy study originate in the business policy courses taught at Harvard in the 1960s (Johnson et al., 2008). Early papers on strategy by researchers such as Chandler, Learned et al., and Ansoff, laid the foundations of the field of strategic management as a discipline of study.

Chandler defined strategy as “the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and allocation of resources necessary for carrying out those goals” (Chandler, 1962 cited in Rumelt, 1994, p.197). Early research revolved around firms’ activities and introduced the concept of corporate strategy as “the pattern of objectives, purposes or goals and major policies and plans for achieving those goals, stated in such a way as to define what businesses the company is in or is to be in and the kind of company it is or is to be” (Learned et al., 1965 cited in Hax and Majluf, 1988, p.100).

2.4.2 The exogenous or market driven approach

In the 1980s Porter built on his new concept of competitive advantage to define strategy as a “process of creating a unique and valuable position” (Gibcus and Kemp, 2003). Porter et al. (1996) translated the competitive advantage concept into four types of value creation corporate strategies: portfolio management, restructuring, transferring skills and sharing

activities. Corporate strategy was the catalyst that made the corporation greater than the sum of the business units (ibid.).

2.4.3 The endogenous or competence-driven approach

Prahalad and Hamel (1990) reconfigured the architecture of a business from a mix of strategic business units to a mix of core competences. Firms' capabilities became core competences provided they passed three tests: provided access to diverse markets, made a significant contribution to the customer's perceived end-benefits of a product, and were difficult to imitate (ibid.). The focus of corporate strategy shifted to competence building, which became a critical mission for those firms which wanted to be/stay competitive (ibid.).

2.4.4 The synthesis or broadened approach

Mintzberg (1987b) refined and broadened the definition of strategy by introducing the 5Ps approach to strategy: a plan, a pattern, a position, a perspective or a ploy. In other words, strategy could mean different things depending on the person who uses the concept. The merit of Mintzberg's multiple-layer definition was to capture the idiosyncrasies of the various schools concerned with the study of strategy and the meaning of strategy for business professionals.

Rumelt (1994) formulated a definition of strategy that synthesised new concepts introduced in the field. Strategy was the mix of choices regarding goals, products and services offered; positioning in the markets (i.e. competitive strategy); scope and diversity; and organisational structure, systems and policies (adapted from Rumelt, 1994).

2.4.5 Strategy taxonomies

Once the study of strategy became a distinct field of research in the 1970s, the dichotomy between process (formulation and implementation) and content developed (Rumelt, 1994). Some researchers disagree with the inclusion of the strategy development process in the definition of strategy (Hofer and Schendel, 1979 cited in Bracker, 1980, p.219) and suggest that the concept of strategy should be separated from the strategy formation process (Hax and Majluf, 1988).

The study of the concept of strategy developed from three perspectives:

- *Development or formulation* - the ways in which strategy develops in organisations (Johnson et al., 2008)
- *Content* - the choice of a specific position or course of action or distinct elements of a strategic plan (O'Regan and Gobadian, 2002a,b)
- *Implementation* - the actions implemented and resources allocated in the pursuit of achieving a strategy (Johnson et al., 2008)

Mintzberg (1987a; 1998) distinguished between strategy formulation and formation; the former answered the question how strategies are formulated whilst the latter addressed the question of how strategies actually form.

The field added complexity with the study of strategy at different organisational levels:

- *Corporate strategy* refers to decisions regarding the businesses in which a company operates and competes; businesses mean the products produced or services delivered and geographies where an organisation operates (Andrews, 1980).
- *Business strategy* is concerned with how an organisation competes in a given business and the competitive position adopted (Andrews, 1980).
- *Functional strategy* operationalises the former two and refers to how various parts of an organisation deal with resources, processes and people to realise corporate and business strategies (Johnson et al., 2008).

Conclusion

There is no accepted unified definition of strategy. The definitions of strategy have changed over the past decades although it is arguable whether change equates to evolution. There are common elements which transcend all definitions and should be considered when referring to the concept of strategy.

Scholars differentiate between the components of strategy (formation, content and implementation) and the organisational level at which strategies apply (corporate, business and functional). Those two classifications lead to distinct research theories and issues in the academic literature on strategic management.

This dissertation studies strategy from a formation perspective and aims to provide further insights into how strategies are formed. From an organisational level perspective, this dissertation studies business strategy or strategy in existence at the highest organisational level of a case company. Functional strategies have been mentioned to the extent that they support business strategy formation processes of the case companies.

2.5 Strategy formation in large companies

Developing strategies is "how organisations make and then interrelate their significant (that is, strategic) decisions" (Mintzberg, 1978). Strategy development refers to the process of designing or creating strategies. Some researchers argue that the process of strategy formation is more important than the result or the strategy itself (Van Gelderen et al., 2000).

Unlike in other sciences where theories are formulated in a laboratory and subsequently tested, theoretical contributions to strategy formation are grounded into empirical findings and emerge from practice. Strategy formation frameworks are the result of empirical research and aim to standardise a decision process which is "a set of actions and dynamic factors that begins with the identification of a stimulus for action and ends with the specific commitment to action" (Mintzberg et al., 1976).

Several theoretical streams to strategy formation have been summarised below, including planning and alternative approaches (i.e. muddling through, emergent, incrementalism and quantum leap).

2.5.1 Planning

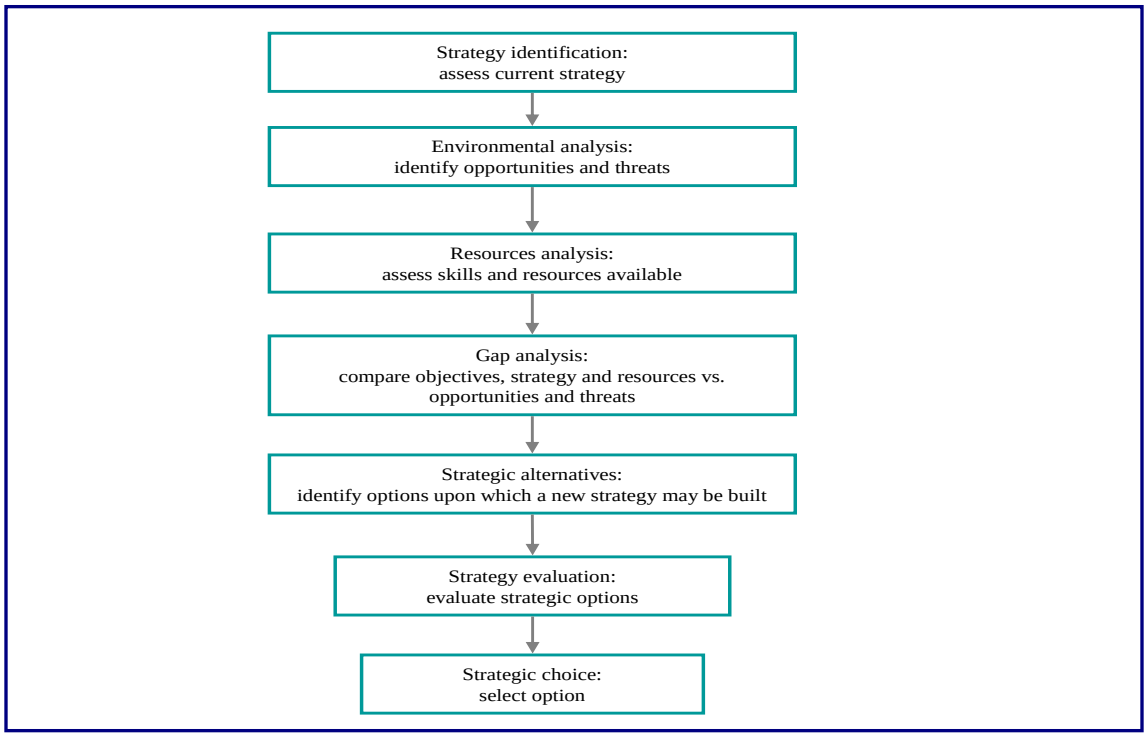
Early theoretical approaches (e.g. Chandler, Learned et al., and Ansoff) supported the rise of strategic planning in practice in the 1960s (Mintzberg, 1994). Strategic planning, defined as a sequence of systematised activities meant to develop or coordinate an organisation's strategy, transformed strategy making into an analytical process, which translated into a corporate function (Johnson et al., 2008). Strategy became "an integrative plan" engulfing the whole organisation in order to ensure the achievement of corporate objectives (Glueck, 1976 cited in Hax and Majluf, 1988, p.100).

In practice, researchers often refer to strategic planning using several meanings interchangeably, which Steiner (1979) articulated into a broad definition:

- a concept: current decisions regarding the future and "the systematic identification of opportunities and threats that lie in the future", which constitute the basis of making decisions on exploiting opportunities and avoiding threats
- a process: a systematic and continuous process composed of a stream of activities such as setting goals, defining the strategies to achieve the goals, and making plans for their implementation
- a set of plans
- a philosophy (life attitude).

Hofer and Schendel (1978) encapsulated the elements that most prescriptive strategic formation processes include in a generic framework, which describes the analytical content of a planning process (Figure 4).

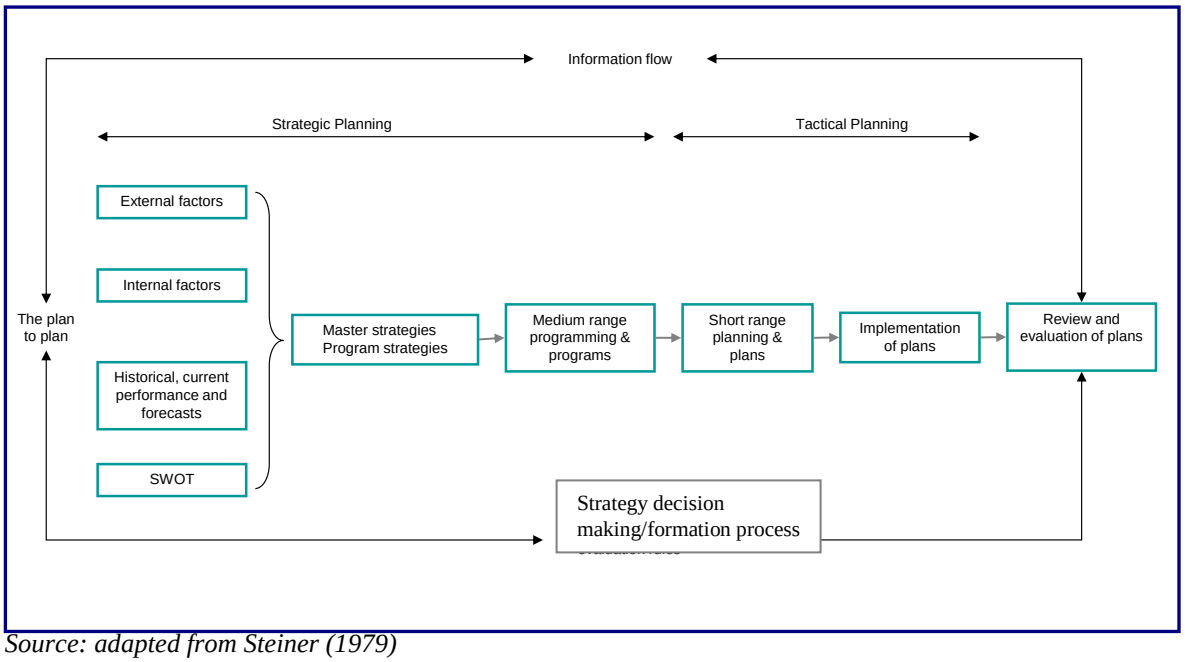
Figure 4: Hofer and Schendel (1978)'s prescriptive strategy formation framework



Source: adapted from Hofer and Schendel (1978, cited in Lim, 2010).

Steiner (1979) adopted a top-down approach of strategic planning, integrating a strategic decision making process into a broader context and showing how the process cascades throughout an organisation (Figure 5).

Figure 5: Steiner (1979)'s strategy formation framework



Source: adapted from Steiner (1979)

Pun (2004) talked about strategic planning as well-defined steps carried out in a precise sequence, including "data collection and analysis, strategy development, evaluation, selection, and implementation".

2.5.2 Alternative approaches

Once changes of the competitive environment accelerated, planning became outdated by the business realities of the 1970s and 1980s and came under criticism. Strategic planning suffered from three fallacies:

- The fallacy of prediction: plan forecasts are often inaccurate predictions of the world.
- The fallacy of detachment: a strategy cannot be completely detached from its implementation.
- The fallacy of formalisation: formalisation precludes learning and strategies can emerge gradually, in parallel with implementation (Mintzberg, 1994).

Researchers sought alternative ways to explain how strategy formation formed in real life. Empirical findings supported new paradigms.

2.5.2.1 Muddling through

One of the early literature references which deviated from the established planning models belonged to Lindblom (1959) who studied decision making in public administration and formulated a new method to make complex decisions. He called it "the method of successive limited comparisons (Branch)" as opposed to the existing "rational comprehensive (Root) method". The Root method assumed two fundamental premises of decision making: comprehensiveness, i.e. definition of all possible outcomes, and certainty, i.e. all information is known to a decision maker (ibid.).

Lindblom's work revealed that this modus operandi was theoretical and did not correspond to real life. He found that often policy makers defined policies through "muddling through". Lindblom's study concluded that policy making through the Branch method was an endless process, developed step by step, "a succession of incremental changes", which allowed corrections on the way and avoided the fallacy of making irreversible big mistakes.

2.5.2.2 Emergent strategy

Mintzberg et al. (1976) challenged the fact that decision making at high levels in organisations followed traditional normative models. He argued that normative models were applicable to operating routines conducted at low and middle levels and decision making at high levels followed different patterns.

Mintzberg (1978) introduced the distinction between strategy formulation and formation: the former assumes a deliberate process while the latter develops gradually without necessarily being a deliberate process:

(i) Strategy formulation presupposes an intention, a plan which is purposefully defined before its implementation and assumes a deliberate or intended strategy which is realised as planned. That resembles to strategic planning, which assumes a well-defined number of steps carried out in a precise sequence (Pun, 2004), or a formulation of plans, which sets the objectives, strategies and

policies of a business (Stonehouse and Pemberton, 2002);

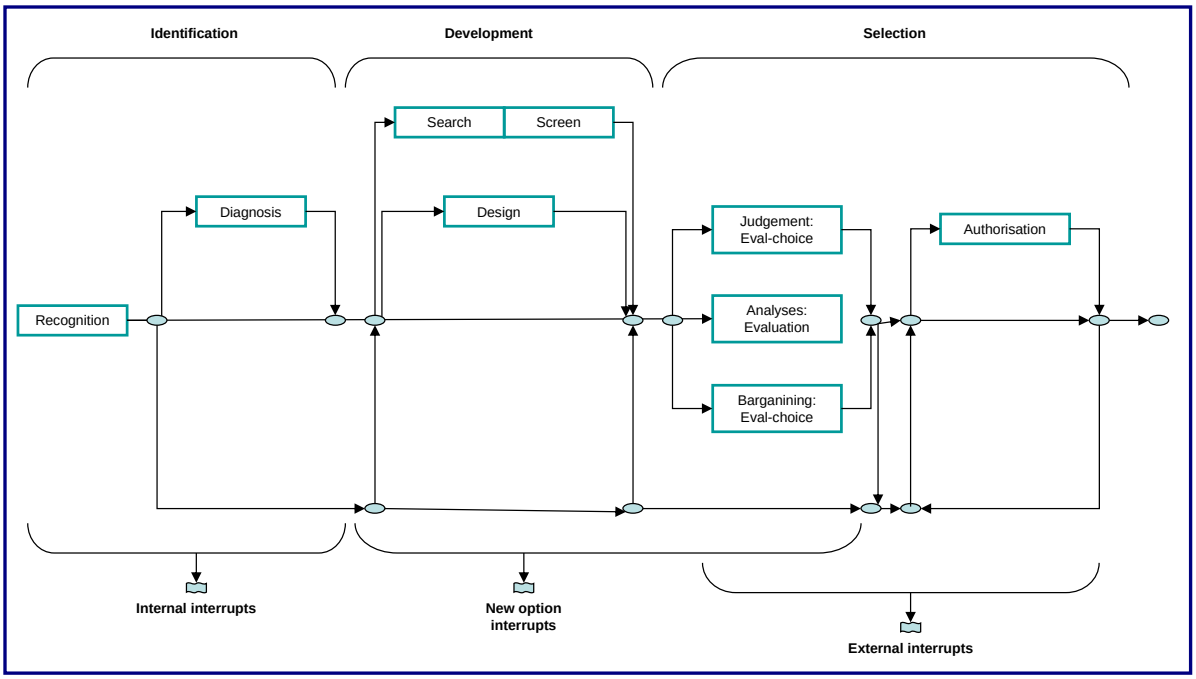
(ii) Strategy formation can be found in two situations:

- A stream of actions which is not defined a priori and becomes a recognisable behaviour post its realisation, an *a posteriori* pattern. The approach implies an *emergent* strategy which develops incrementally as a sequence of ad hoc decisions and does not follow a pre-established process (Mintzberg and Waters, 1985);
- If the implementation of the initially formulated and intended strategy described at point (i) fails or has to be changed during implementation, then the strategy needs to be reformulated to account for the emerging elements. The adjustment of the initially intended strategy translates into an *emergent* strategy (ibid.).

Strategy formation is the term the most often used in the literature to refer to the process of strategy development. This dissertation uses Mintzberg's terminology of 'strategy formation' to refer to a strategy development process in general (irrespective of the type of strategy: emergent, intended or a combination of both), and 'strategy formulation' to refer to an intended strategy development process. The term 'planning' is sometimes used interchangeably for strategy formulation.

Mintzberg et al. (1976) developed a general model for decision making under ambiguity structured in "3 phases, 3 sets of routines and 6 sets of dynamic factors" from observations on 25 decision making processes in manufacturing firms, services firms, quasi-government institutions and government agencies (Figure 6). Mintzberg described strategy making as a "groping, cycling process" (ibid.)

Figure 6: Mintzberg et al. (1976)'s "unstructured" strategic decision making process (Mintzberg et al.'s inverted commas)



Source: adapted from Mintzberg et al. (1976)

Mintzberg et al. (1976) found that decision making "under ambiguity" was "characterized by novelty, complexity, and openness"; and differentiated from decision making under uncertainty. The latter assumed that alternatives, but not their consequences, were known; the former assumed that all elements were unknown. Decision making under ambiguity was an iterative process, with recurring loops, a journey of discoveries for executives who took two steps forward and one step back, given the extent of the unknowns with which they had to deal (ibid.).

2.5.2.3 Incrementalism

Based on empirical findings Quinn (1982) postulated that strategy making did not happen in a snapshot, but as a continuum while strategy formulation and implementation were intertwined, feeding each other.

While Mintzberg predicated that an emergent strategy process was not intended, Quinn's strategy makers proceeded to incremental strategy making consciously and used analysis and planning as premises to gradually develop strategies. Strategies evolved from generic to specific and specificity took shape once events had taken place.

Strategy making was incremental, in continuous procrastination. Strategy makers were reluctant to deal with unknown information and uncertainty. Therefore, they decided strategy in incremental pieces, waiting for critical events to happen and constantly postponing the articulation of a final strategy given their desire to achieve internal consensus before implementing a strategy.

Quinn's strategy making was a dynamic process that never ended. Incrementalism was a management technique meant to assist decision makers with the "analytical, behavioural, political and timing aspects of strategy formulation" (Quinn, 1982).

Incrementalism helps decision makers to deal with uncertainty: strategy makers hope that, while decision making is postponed, events which happen will help strategy makers to progress towards a desired strategy and articulate specific strategies from generic ones. Additionally, management used incrementalism to navigate organisations' politics; strategy makers sought for others' agreement on strategy and aimed to "overcome political and emotional barriers to change" (ibid.).

2.5.2.4 Quantum leap

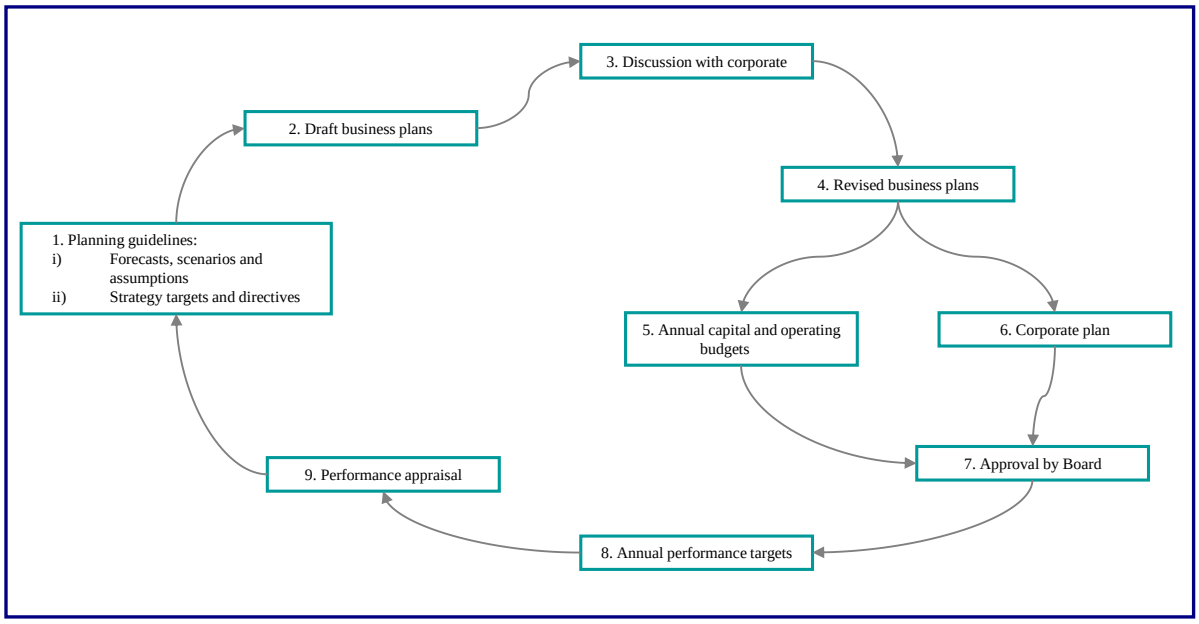
Quinn's theory assumed that changes took place gradually and allowed organisations time for learning. Quantum leap theory addressed the situation when changes took place simultaneously. Revolutionary changes determined a leap from a status of stability of an organisation, i.e. a configuration, to the next configuration (Miller and Friesen, 1982). Strategy formation represented a transition between two configurations.

A similar idea was formulated by Gibcus and Kemp (2003), who argued that "strategy is dynamic" and strategy decision making is modelled following feedback obtained from both failed strategies, as a result of crises, and successful strategies. The latter stimulates the adoption of "more sophisticated management and control techniques" (ibid.).

Grant (2003) conducted an extensive empirical, exploratory qualitative research on strategic planning practices in eight major oil companies. Grant used a case study approach and semi-structured interviews to review the planning practices of eight oil firms and formulated a generic framework of strategic decision making displayed in Figure 7.

Grant (2003) found that strategic decisions were made "in response to threats and opportunities" and subsequently integrated into strategic planning processes. Strategic decision making happened outside a strategic planning process, which developed as a 'planned emergence' (Grant's commas) and combined top-down and bottom-up approaches (ibid.).

Figure 7: Grant (2003)'s planned emergence strategy making



Source: Grant (2003)

Grant's research contribution was important from two aspects:

- It articulated a process of strategy formation based on empirical research grounded in case studies and demonstrated that existing theoretical models did not have a reflection in real life.
- It observed the transformational role of strategy formation processes in the form of strategic planning. Grant (2003) concluded that the role of strategic planning changed from a process/tool for strategy formulation as it used to be in the 1960s-70s to a forum for:
    a. setting the context for strategic decision making
    b. coordinating a firm's centre (headquarters) with its business units
    c. controlling the achievement of performance targets (ibid.).

Those findings corresponded to Mintzberg's ideas about the dislocation of the role of strategic planning, which became strategic programming ("the articulation of strategies…that already exist") and should be differentiated from strategic thinking, which was the synthesis of the learning experience of an organisation and its translation into a vision (Mintzberg, 1994).

Hax and Majluf (1988) did not embrace a particular theoretical stream, but articulated seven points that should be the premises of building a strategy formation process in line with a firm's objectives, management style, culture, other processes, and structure:

"1. Strategy is openly and widely communicated
    a) internally, with the organization
    b) to all relevant external constituencies.
2. Strategy is generated through a wide participation process.
3. The strategic process is managed by the CEO to build wide consensus around intended courses of action.
4. Strategy is based on a disciplined formal process aimed at the complete specification of corporate, business and functional strategies.
5. Strategy is based on negotiation processes among all the key players.
6. Strategy emerges from the pattern of actions in past decisions.

7. Strategy is mainly a vehicle of change that shapes up new courses of action."

Source: Hax and Majluf (1988).

Conclusion

There is little consensus between theoretical frameworks for strategy formation and how strategy forms in real life. The role of strategy formation processes (as planning) has changed over time; strategy formation does not mean strategic decision making any more, but represents a discussion forum for executives to share intelligence and establish performance targets.

The formalisation of strategy formation ranges from structured processes, whose outcomes and objectives are communicated throughout an organisation (e.g. Steiner's framework), to unstructured processes of structured decisions (e.g. Mintzberg's framework). Some research suggests that real life strategy formation is a combination of intended and emergent strategy formation.

Decision makers start from a defined framework and analytical content of decision making, which can change during a strategy formation process due to internal negotiations, patterns of past actions, and market developments (e.g. Hax and Majluf, Quinn).

2.6 Strategy formation in SMEs

The outcome of the literature review search on strategy formation in high-growth SMEs resulted in 230 papers published between 1979 and 2017. The vast majority explored strategy formation in SMEs from a quantitative perspective. Few papers (less than 10%) used only qualitative methods.

The analysis of the relevant papers crystallised into several themes, aligned with the research objectives of this dissertation:

- the structure, characteristics, analytical content and organisational aspects of strategy formation processes
- enablers and barriers related to strategy formation and, connected to those factors, the role of strategy formation in achieving growth.

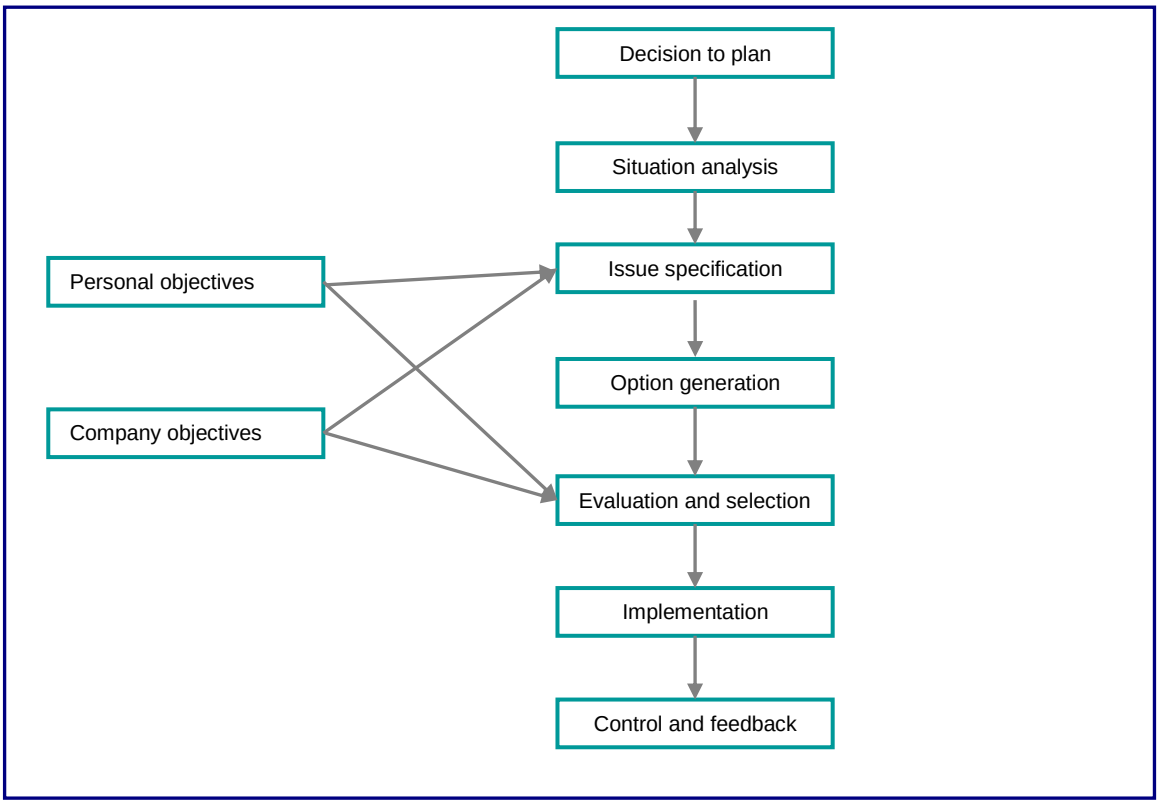
The structure of strategy formation processes refers to component activities and their sequence. The characteristics articulate features of strategy formation processes. The analytical content and organisational aspects refer to process management aspects, participants in strategy formation and strategic outputs.

2.6.1 The structure of strategy formation processes

There is little consensus on the structure of strategy formation processes in the literature. Some researchers supported the use of the planning approaches of large firms in SMEs (Ackelsberg, 1985). However, a small proportion of SMEs have a planning function or planning committees which provide inputs to CEOs. Alternatively, planning is CEOs' realm of responsibilities in SMEs (Shuman and Seeger, 1986).

Irrespective of the existence of a strategic planning function, researchers recommended that planning objectives should be communicated throughout an organisation (Ackelsberg, 1985). Shuman and Seeger (1986) tested the application of a normative planning model, as shown in Figure 8, in "smaller rapid growth firms".

Figure 8: Shuman and Seeger (1986)'s strategy normative model



Source: Shuman and Seeger (1986)

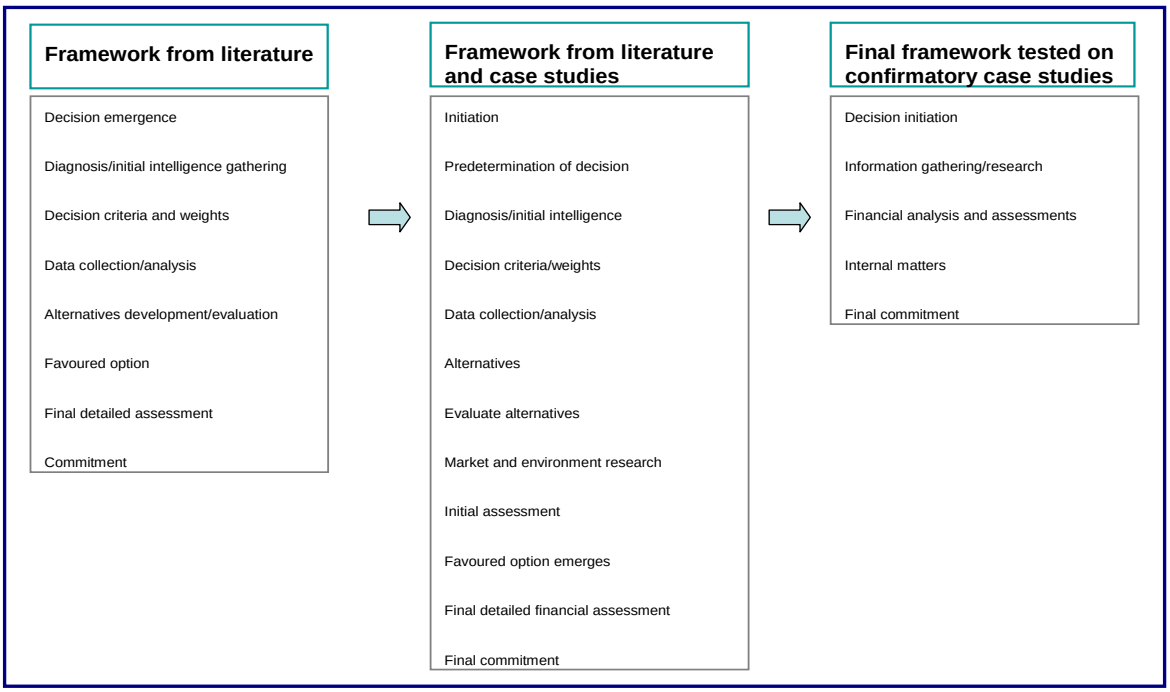
Empirical findings in small rapid-growth firms confirmed the theoretical normative model, but highlighted that process sophistication was less important than the quality of the information used. The actual planning processes depended on a firm's success of "past planning efforts, current operating performance and management's orientation towards change" (Shuman and Seeger, 1986).

Other researchers argued that planning methods in SMEs should differ from those of large firms (Jones, 1982). Strategic thinking in SMEs belonged to top managers who did not formalise the activity, which remained insulated from the rest of an organisation (Robinson and Pearce, 1984b).

Bracker et al. (1988) identified eight planning components used in small firms' planning practices: objective setting, environmental analysis, SWOT analysis, strategy formulation, financial projections, functional budgets, operating performance measures, and control and corrective procedures.

Jocumsen (2004) conducted an exploratory research using a case study method on the strategic marketing decision making processes of six small businesses. Starting from the literature review and results of in-depth interviews Jocumsen articulated a decision making framework (Figure 9) which he subsequently tested on 46 strategy making processes of 32 small businesses ("confirmatory case studies").

Figure 9: Jocumsen (2004)'s strategy decision making framework



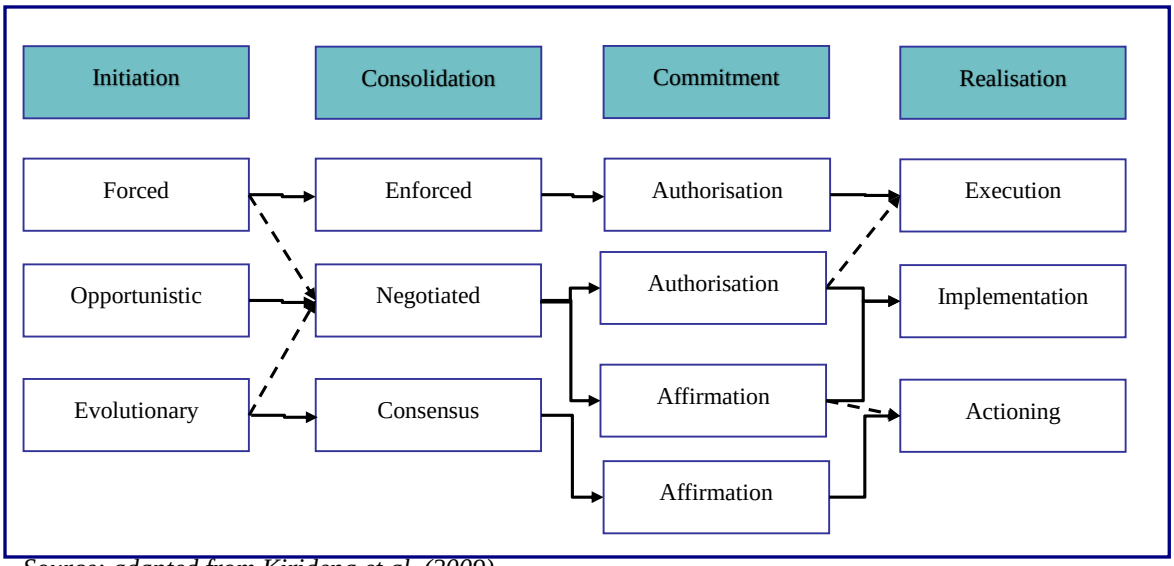
Source: adapted from Jocumsen (2004)

Jocumsen (2004) identified three main deviations of strategy making in small firms from his theoretical framework:

- Strategy making in small firms is less complex and includes fewer steps than in large organisations.
- There is no clear delineation among the strategy making steps of small firms as opposed to large firms where steps are clearly separated.
- There is no predefined sequence of the process steps in small firms while in large firms activities follow a precise sequence.

Kiridena et al. (2009) conducted a qualitative enquiry and synthesised a structure of manufacturing strategy formation processes, as shown in Figure 10, formed of four phases: initiation, consolidation, commitment and realisation. They also categorised drivers leading to strategy formation into forced, opportunistic and evolutionary.

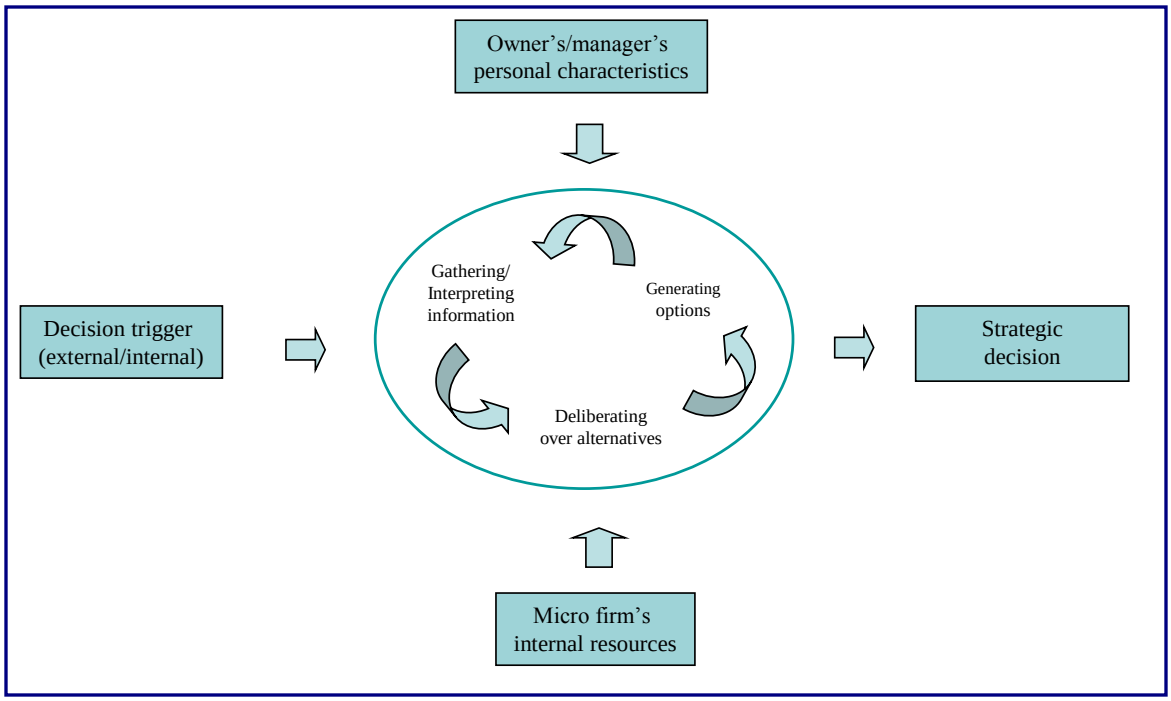
Figure 10: Kiridena et al. (2009)'s manufacturing strategy formation structure



Source: adapted from Kiridena et al. (2009)

Liberman-Yaconi et al. (2010) found that strategy decision making (SDM) in micro-firms was non-sequential, incremental and iterative, in line with Mintzberg et al. (1976)'s unstructured strategic decision framework. Liberman-Yaconi et al. (2010) developed a framework using a case study methodology on 11 Australian IT service micro-firms (Figure 11). Their exploratory research focused on three areas: past and current strategy development, factors impacting SDM, and information and methods used for the preparation of and during SDM.

Figure 11: Liberman-Yaconi et al. (2010)'s non-sequential strategy decision making framework



Source: adapted from Lieberman-Yaconi (2010)

Liberman-Yaconi et al.(2010)'s SDM was triggered by internal or external stimuli. Owners'/managers' characteristics and firms' internal resources influenced SDM. Owners'/managers' characteristics referred to his/her experience, cognitive biases, personal values, and ethics standards. Micro-firms' internal resources included not only "skills, technology and finances", but also "business and social networks". SDM comprised three interactive activities: information collection and interpretation, option generation, and assessment/determination of the final choice (ibid.).

Conclusion

There is no consensus whether strategy formation processes in small firms should be different from those of large firms. Some researchers argue that idiosyncrasies of small firms make impracticable and unrealistic the application of the formal strategy formation processes used by large firms to small firms. Strategy formation in small firms is often non-sequential, incremental, and iterative; it also represents a mix of bounded-rationality and

intuition, with very limited elements of rationality (Liberman-Yaconi et al., 2010). Therefore, a number of researchers articulated strategy formation frameworks specific to SMEs.

2.6.2 Characteristics of strategy formation processes

Strategy formation processes have been assessed through the lenses of their characteristics. Mintzberg (1999) argued that strategy "evolves [..] creatively" and strategy formation was a single process despite ten schools of strategy formation.

Mintzberg (1998)'s criteria to evaluate strategy formation processes summarised in Chapter 12 of his book ("Strategy safari: a guided tour through the wilds of strategic management") have been adapted in this dissertation. Mintzberg introduced content and process dimensions to compare strategy processes (ibid.). Each dimension was articulated with the help of several questions and issues in Table 10 as follows:

Table 10 Mintzberg (1998)'s criteria to assess strategy formation processes (adapted)

Dimension	Criteria	Question (Mintzberg, 1998)	Answers
Content	*Complexity*	"How complex should a good strategy be?"	The level of elaboration or complexity of a strategy could vary between specific, nuanced (typical to complex and unstable environments) to simple, general. A middle position is acknowledged depending on the purpose of a strategy.
	Integration	"How tightly integrated should a good strategy be?"	Strategy can be viewed as a portfolio of components decomposed in: corporate, business and functional, as opposed to only one strategy, "a fully integrated perspective" (Mintzberg, 1998). A middle position would be an integration of components, which include a portfolio of diversified businesses.
	Generic	"How unique or novel should a good strategy be?"	Generic strategies, which are clearly defined, as opposed to unique strategies, which are unique either because they are the vision of one person or the culture of an organisation, or because they are created in a personalised process.
	Control - content related	"How deliberate or emergent should an effective strategy-formation process be […]?"	Mintzberg (1998) answered: "intended plans" (strategy processes as predefined activities and their sequence), as opposed to "realised patterns" (there are no predefined activities; they become realised patterns in hindsight and could become plans in the future).
Process	*Control - process related*	"To what extent is there a need for a priori control as opposed to a posteriori learning?"	Mintzberg (1998) remarked that the two extreme answers would be "purely deliberate or purely emergent"; however, he also remarked that "in real world neither was possible in a pure form", so it is likely to be a mixed approach.
	Presence of change	"How do strategists reconcile the conflicting forces for change and for stability?"	Organisations which change continuously, as opposed to organisations which hardly change. The former suggests that learning strategic thinking is continuous and patterns are always evolving; in the latter example organisations settle on a path or mindset for long term. A middle position is suggested by the planning school, which claims that

			change and stability co-exist orderly as change happens every year on schedule, like an 'orderly change'.
	Pattern/pace of change	Mintzberg did not formulate a question; the following question was inferred from his answers: "How does change take place?"	Change can be occasional, in quantum, and revolutionary, as opposed to incremental change driven by learning or piecemeal change driven by internal conflicts. Occasional and incremental change are not mutually exclusive; they can alternate in cycles.
	Source of change	"Where do new strategies come from?", what is the source of learning and how much do organisations learn?	Some organisations learn without difficulty; other organisations don't learn at all. In the middle there are organisations which learn to a certain degree, but their learning is not smooth.
	Strategic Choice	"how much [strategic choice is out there]?".	The question aims to gauge the power of strategists to choose or initiate a strategic process proactively, independent of any drivers, as opposed to the determinism of the environment when strategists merely respond to internal/external factors (drivers). In other words, circumstances prevail over strategy making, as opposed to strategists who have unlimited power to make strategic choices.
	Strategic Thinking	"[…] how much strategic thinking do we want […]?"	It is all about acting (the learning school), as opposed to overthinking (the prescriptive schools). A balanced position is a mix of acting and thinking: "how the specific is made to inform the general and the general brought to bear on the specific" (Mintzberg, 1998).
	Collective	"Who is the strategist?"	Him/her (e.g. the chief executive or entrepreneur); them (e.g. planners, analysts, collective); or it (e.g. an analysis, a procedure).

Source: adapted from Mintzberg (1998)

Two additional criteria related to the context of strategy processes were articulated:

Company size

Stonehouse and Pemberton (2002), Robinson and Pearce (1984b), and Wiesner and Millett (2012) found that a firm's size and development stage impact the level of planning and formalisation. However, Perks (2006) concluded that the relation between a firm's size and formalisation was inconclusive.

The purpose of the criterion is to establish whether there is a qualitative relation between the level of formalisation and firm's size, hypothesising that the higher the firm's size, the higher the level of formalisation or planning intensity.

External environment

Eisenhardt (1989) conducted a qualitative research on decision making characteristics in companies operating in high-velocity environments. She found that decision making was fast, linked to strong performance, and integrated tactical planning with key decisions. Van Gelderen et al. (2000) found that top-down, "complete" planning was more likely to be used in a complex environment.

The criterion was introduced to establish whether there is a qualitative relation between the type of external environment and strategy formation. Johnson et al. (2008) defined three types of environmental conditions in the context of strategy development: simple/static (straightforward, with no significant change undergoing), dynamic (with uncertainty about the future), and complex (difficult to comprehend, and likely a combination of complexity and uncertainty).

Conclusion

Mintzberg (1998) reviewed ten schools of strategy formation and articulated several criteria to assess strategy formation processes. This dissertation adapted Mintzberg's

comprehensive work and defined 11 characteristics (criteria), associated questions and answers to evaluate strategy formation processes.

Other researchers studied the relationship between strategy formalisation or planning intensity, on one hand, and company size and external environment, on the other hand. Therefore, company size and external environment have been added to the above list of criteria. The result has been 13 characteristics to assess strategy formation processes.

2.6.3 Other aspects of strategy formation processes

The literature also characterises strategy formation processes from an analytical content and an organisational aspect perspective.

2.6.3.1 The analytical content of strategy formation processes

There is some consensus in the literature regarding the analytical content of strategy formation processes in small firms, which mirrors the planning content of large firms.

2.6.3.1.1 *Strategic outputs*

The literature review on strategic outputs, including deliverables produced and their degree of formalisation, has been summarised in Table 11 below.

Table 11: Strategic outputs

Strategic output	Source
A written vision and a mission statement supported by business level objectives, whose formalisation increased with a firm's size; medium-sized firms were more likely to ensure that all or some of the plans were written	Wiesner and Millett (2012)
Development of business plans	Beaver and Prince (2004)
Production of a mission statement	Barnes (2002)
Development of business plans objectives	Stonehouse and Pemberton (2002)
Formalised, written long-range plans; written short-range operation budgets; and plans of action for the current fiscal period	Bracker et al. (1988)
Objectives and strategies not formalised in a written business plan, but clearly communicated and known throughout a company	Berry (1998)
Formalisation of plans by preparing goals and budgets in writing	Ackelsberg and Arlow (1985)

2.6.3.1.2 *Participants in strategy formation*

In addition to strategic outputs, researchers study participants in strategy formation process and their roles. A summary of the literature findings has been presented in Table 12 below.

Table 12: Participants in strategy formation

Type of strategy/Stage of strategy formation	Participants	Source
Strategy formulation process	The CEO, as the main actor, together with the financial manager, plays an important role. Moderate involvement of other people within the organisation, very low participation of external players	Wiesner and Millett (2012)
Strategy formulation process	Firms with formal planning processes in place tend to involve outsiders	Mazzarol (2009)
Strategic positioning decision process	The managing director accompanied by members of broader management including: the supply chain director, marketing director, operations director, technical director and financial director	Baines et al. (2005)
Strategy making process	Entrepreneurs and high involvement of other players and external parties: close family, friends, customers, suppliers, competitors, and outside advisers	Harris et al. (2000)
Strategy formation preparation	Planning managers or executives are involved in planning preparation	Shuman and Seeger (1986)
Internal negotiations	Participative decision making, with wide firm participation	Jones (1982); Berry (1998)
Decision making	Single person or limited group of persons	Jones (1982); Berry (1998)
Decision makers/leaders to form a strategy	CEOs	Shuman and Seeger (1986); Robinson and Pearce (1984b)

2.6.3.2 Organisational aspects of strategy formation processes

The literature assesses strategy formation processes from an organisational aspect perspective.

Wiesner and Millett (2012) built on Harris et al. (2000)'s work to define six dimensions to characterise an emergent or deliberate strategy formation process based on a survey of 1,230 SMEs. The six dimensions comprised: the use of formal/written strategic and business plans, analytical processes, involvement of others in strategy processes, the use of objectives in strategy processes, review of outcomes against objectives, and managerial views on the relevance of formal strategy processes.

Wiesner and Millett (2012) found that SMEs tended to use a deliberate approach to strategy formation, but less sophisticated strategy making tools, such as spreadsheets, brainstorming, and SWOT analysis. A business plan was recognised as a critical tool in strategy making and business success. However, the authors recognised the limitations of their study as it was conducted at a single point in time and used a quantitative methodology, which limited the phenomenon description.

Fletcher and Harris (2002) expanded the characterisation of strategy formation to seven dimensions: business plan, choices or decisions, process of analysis, formality of discourse, use of objectives, outcome review, and outside advisors. Fletcher and Harris (2002)'s quantitative study found that entrepreneurs used more emergent than planning approaches. The planning approach was associated with growth in the following aspects: "holding formally scheduled strategy meetings, setting objectives, reviewing performance against objectives, and receiving outside advice on specific projects". Further research on strategy processes using innovative methodologies was recommended.

Bailey et al. (2000) formulated six dimensions (planning, incrementalism, cultural, political, command, and enforced choice) to assess organisational strategy development.

Platts (1994) identified four groups of features to evaluate the success and robustness of manufacturing strategy formulation processes: procedure, participation, project management, and point of entry.

- Procedures referred to the way information was gathered and analysed and opportunities were identified. It also referred to tools and techniques used within a procedure, and requirements for written records.
- Participation assessed whether an individual or groups participated in strategy formation, the style of meetings to agree objectives, and the decision making forum.
- Project management linked adequate resourcing to an agreed timescale.
- Point of entry referred to the way strategy formulation was introduced to an organisation, the way to achieve commitment to the agreed strategy, and clearly defined expectations on what the process involved.

Lofving et al. (2014) remarked that Platts (1994)'s characteristics focused on organisational aspects of strategy formulation rather than a framework structure. Lofving et al. (2014) empirically derived three criteria to assess strategy formulation frameworks: procedure, realisation and contextual issues. In Lofving et al. (2014)'s work, procedures referred to simplicity in understanding specific steps, and visualisation tools and techniques. Realisation included matters related to participation (individual or group), timescale, communication, and clarity of objectives and expectations. Contextual issues referred to the lessons learned from the process.

Analytical inputs into strategy formation included a succession of analyses on firms' environment and competition, strengths and weaknesses, alternative courses of action, formulation of alternative plans, and review of plans (Ackelsberg, 1985; Berry, 1998). A structured strategic planning should identify major outside and inside organisation interests and include information on realised and forecast financial performance (Bracker et al., 1988). Shuman and Seeger (1986) recommended several other tasks referring to customer requirements, resource allocation, and implementation procedures.

The following themes on organisational aspects have been synthesised from the literature review: the use of formal/written strategic and business plans; analytical processes; participation (internal and/or external) in strategy processes; the use of objectives; the review of outcomes against objectives; managerial views on the relevance of formal strategy processes; strategy making tools; formalisation; communication of a strategy throughout an organisation; clarity of steps and objectives; visualisation tools; and contextual factors.

Conclusion

Some researchers use the analytical content and organisational aspects to assess strategy formation processes. The literature review shows that small firms develop a vision, a mission statement, business plan objectives, and written plans. A number of researchers found that strategy formation was driven by CEOs or owner-managers, who were sometimes accompanied by other managers, employees or stakeholders.

The findings on organisational aspects identified multiple practical features related to strategy formation processes. However, there is little consensus on the analytical content and organisational aspects of strategy formation processes in SMEs, and the existing literature lacks depth.

2.6.4 Enablers and barriers related to strategy formation

Enablers and barriers related to strategy formation in SMEs have been studied by a number of researchers.

Robinson and Pearce (1984a) analysed 50 papers on planning in small firms and concluded that in most of the small firms planning was “conspicuously absent” and when ‘traces’ of

planning were detected (i.e. firms with low planning intensity[2]) planning was a random process, often reactive, with no specific recurrence pattern and an unstructured content.

Robinson and Pearce (1984a) identified four barriers to planning:

i) Time scarcity: managers lack the time dedicated to planning.
ii) Knowledge scarcity: managers are not familiar with planning practices and do not know how to start and run those processes.
iii) Expertise scarcity: managers lack expertise outside their field of specialisation as a broad expertise is required to plan.
iv) Loss of confidentiality: managers are concerned that planning would facilitate information leaks.

Shuman and Seager (1986) studied barriers to planning in 220 companies and found that the lack of time and perceived benefits from planning were the most often mentioned by CEOs to negatively influence propensity to planning. Those findings concurred with De Kok et al. (2002), who argued that the lack of experience in planning and reduced capacity to acquire knowledge were due to limited resources and management's time.

Pun (2004) summarised several types of barriers to strategy implementation: insufficient capabilities of employees, uncontrollable external factors, ineffective coordination internally, lack of focus, poor communication of goals across the organisation, tasks and responsibilities which were not well defined.

Unlike Robinson and Pearce's exogenous barriers, Wang et al. (2007) identified barriers to planning of an endogenous nature, related to an owner's personality. Wang et al. (2007) found that planning's (non)existence and level of 'planning intensity' in SMEs are related to owners' motivations or aspirations. In SMEs with owners who value personal goals such

[2] The concept of 'planning intensity' was mentioned by Robinson et al. (1984b) in a quantitative research to account for the rigour of planning practices in small firms and was operationalised using three discrete variables: number of hours invested in strategic planning, number of external consultants participating in strategic planning, and the extent to which strategic planning addressed issues and interdependencies across all functional areas. In this paper planning intensity is used to characterise the level of planning in SMEs from a qualitative perspective on a scale with three qualitative parameters: low, medium and high.

as: “autonomy, personal satisfaction and lifestyle” ahead of business performance, planning is not used or has low intensity. Owners’ aspirations for growth are critical in calibrating planning intensity, which is higher in SMEs whose owners have high-growth aspirations and lower in SMEs whose owners have no growth targets and view their businesses as means to fulfil “non-economic personal agendas” (ibid.).

An enabler to strategy formation is the perceived strategic uncertainty of the environments in which firms operate. According to Droege and Marvel (2009), who studied strategy formation in 286 SMEs, firms are more inclined to use an emergent type of strategy formation when founders perceive high socio-cultural, competitor and technology uncertainty. Golde (1964) arrived to a similar conclusion, i.e. managers believed that planning was a futile exercise due to difficult forecasting in an unpredictable environment.

Jocumsen (2004) argued that strategic marketing decision making processes were influenced by internal factors, such as decision importance, firm size, business success, organisational structure, and managers’ education level and risk tolerance to influence decision making.

Kiridena et al. (2009) found that individual, cultural and political factors, and organisational structure influenced strategy formation. External factors, such as competitive rivalry and market conditions, played an important role in strategy formation.

In a study of small firms in the micro-computer industry Eisenhardt (1989) found that fast decision making companies used more information, generated more alternatives, and had better conflict management and integration of strategic decisions with tactics.

A summary of the enablers and barriers discussed above has been presented in Table 13.

Table 13: Summary of enablers and barriers

Enablers	Source
• High socio-cultural, competitor and technology uncertainty favour an emergent strategy	Droege and Marvel (2009)
• Internal: individual, cultural, and political factors; and organisational structure • External: competitive rivalry and market conditions	Kiridena et al.(2009)
• Owners' growth motivations or aspirations	Wang et al. (2007)
• Decision importance, firm size, business success, organisational structure, manager's education level and risk tolerance	Jocumsen (2004)
• More information, better conflict management and integration of strategic decisions with tactics	Eisenhardt (1989)
Barriers	**Source**
• Insufficient capabilities of employees, uncontrollable external factors, ineffective coordination internally, lack of focus, poor communication of goals across the organisation, tasks and responsibilities not well defined	Pun (2004)
• Lack of human resources and management's time, and limited capacity to acquire knowledge	De Kok et al., (2002)
• Time, expertise and knowledge scarcity • Loss of confidentiality	Robinson and Pearce (1984a)
• Lack of time and perceived benefits from planning	Shuman and Seager (1986)
• Unpredictable operating environment	Golde (1964)

Conclusion

The most frequently cited barriers to strategy formation (as planning) identified in the literature review include owners'/managers' lack of time for planning processes and lack of knowledge on planning. Additionally, the perceived low usefulness of planning due to the unpredictability of the environments in which SMEs operate is another barrier cited.

Other researchers found that enablers to strategy formation, such as the uncertainty of the operating environments, favoured an emergent strategy and SME owners' expectations for high-growth impacted planning intensity.

2.6.5 The role of strategy formation in achieving growth

Most of the literature review aims to establish an explanatory relation between strategy formation and performance. Robinson and Pearce (1984a) argued that strategic planning had little impact on small firms' growth and profitability based on a meta-analysis of 50 papers on small firms' planning during the 1950s-1980s. Other researchers claimed that planning was a determinant or precursor to performance in small firms (Ackelsberg and Arlow, 1985; Berry, 1998; Brinckman et al., 2010).

Researchers used various approaches to measure the relation between planning and performance. Performance was measured using sales growth, net income growth, present value and CEO's cash compensation. Planning was measured from three perspectives: planning sophistication (Bracker et al., 1988), formalisation (Ackelsberg and Arlow, 1985) and intensity (Robinson and Pearce, 1984b). Firms using strategic planning, irrespective of its degree of formalisation, exhibited better performance of sales growth and achievement of profit objectives in comparison to firms which did not use planning (Berry, 1998).

A meta-analysis of 46 papers written during 1985-2007 conducted by Brinckmann et al. (2010) showed that planning enhanced the performance of small firms and the strength of the relation was influenced by firms' age and cultural environment. Both planning formalisation and sophistication equally influenced the positive relation planning - performance (ibid.). Firms with higher planning sophistication and formalisation (i.e. "structured strategic planning") outperformed firms which did not plan or used less sophisticated planning in financial terms (Bracker et al., 1988).

Robinson and Pearce (1984b) determined that planning positively impacted performance; however, the strength of the relation was contingent on firms' stages of development, which impacted planning formalisation. As companies grow, planning formalisation and frequency increase and participation in strategy formation broadens (Berry, 1998; Shuman and Seeger, 1986). The level of formalisation influences the quality of strategic decision making, with higher formalisation leading to better decision making (Lyles et al., 1993).

Perks (2006) argued that the relation between firms' size and planning formalisation was "inconclusive". Planning formalisation exhibited a low or negative relation to performance while the analytical component of planning was significantly positively related to performance (Ackelsberg and Arlow, 1985). Eisenhardt (1989) found that fast-decision making processes predetermined and led to superior performance.

Gibson and Cassar (2005) studied the relation planning-performance in 2,956 companies through a longitudinal study and confirmed that planning was associated with performance. However, they questioned the relation's causality and found that planning was a consequence of better performance. Firms exhibiting superior performance were more likely to use planning, but planning was not a condition sufficient to drive performance.

Conclusion

The relation between planning and performance is accepted by most researchers because planners outperform non-planners. However, the strength and direction of the relation varies in the literature.

Some researchers argue that planning is a determinant to performance and influenced by planning formalisation, sophistication and speed. Other researchers claim that planning is a consequence and not a prerequisite to superior performance; and the latter leads to the use of planning in small firms.

2.7 Chapter conclusion

High-growth SMEs are an important research topic due SMEs' contribution to employment generation, innovation and growth. However, the literature review outlined several gaps:

- There is no unified theory of small firms' growth and researchers have not reached a consensus regarding the operationalisation and measurement of high-growth SMEs.
- Theoretical frameworks and strategy formation in real life in large firms diverge. The formalisation of strategy formation ranges from fully planned to unstructured processes.
- There is no consensus whether strategy formation in small firms should be different from those of large firms. Some researchers argue that formal strategy formation processes of large firms do not suit small firms due to the latter's idiosyncrasies.
- There is little consensus on the characteristics, analytical content and organisational aspects of strategy formation processes in high-growth SMEs.
- A number of studies identified enablers and barriers related to strategy formation. They are sometimes contradictory. The most frequently cited barriers include owners' lack of time and knowledge on planning, and the perceived low usefulness of planning due to the unpredictability of SMEs' environments. SME owners' expectations for growth are linked to planning intensity. The relation between planning and performance is recognised by many researchers as planners outperform non-planers. However, researchers disagree on the strength and direction of the relation.

This dissertation aims to deepen the understanding of how strategies form in high-growth SMEs, the characteristics and other aspects of strategy formation processes. It also aims to build a framework for the qualitative study of strategy formation processes in high-growth SMEs, and to provide more insights into the enablers and barriers related to those processes.

3 Research questions and design

This chapter investigates the research gap, formulates the research questions and introduces the research methodology. It also places the research's philosophical position within the context of the main ontological and epistemological traditions.

The following sections introduce the case study methodology and rationale for the proposed research design. Various research methods used in social sciences have been presented.

3.1 Research questions

According to the literature review a limited number of papers use an exploratory qualitative research to understand strategy formation in high-growth SMEs. Most of the literature review adopts an explanatory approach and focuses on establishing causal relations between planning and growth. Other papers study strategy content and identify factors leading to SMEs' survival or success. Few papers aim to understand how strategy forms and develops in high-growth SMEs.

There is no consensus in the literature whether the structure, content, formalisation level, strategy formation frameworks, characteristics, and other aspects of strategy formation processes in high-growth SMEs should be the same as those of large firms.

The above literature gap was also identified by Wisener and Millett (2012) who remarked that the focus on large organisations has led to a literature gap regarding strategy making in SMEs. Lofving et al. (2014) found that "there is a need for deeper understanding" of strategy processes in SMEs.

The distinction between questions addressing states and questions addressing processes was considered when formulating the research questions. Research questions can confirm existing theories or uncover new theories. They have substance, i.e. the research topic, and

form, i.e. the way a question is formulated. The clarity of a research question impacts a research design (Flick, 2002).

This dissertation aims to understand how strategy forms in high-growth SMEs. The main research question is a process question formulated as follows:

How does strategy form in high-growth SMEs?

The above question can be deconstructed in sub-questions:

- *How does strategy form and develop in high-growth SMEs?*
- *What are the enablers and barriers related to the strategy formation processes of high-growth SMEs?*

This research also aims to develop a framework for the qualitative study of strategy formation processes in high-growth SMEs, and to explore the relationship between strategy formation in high-growth SMEs and growth.

The words '*understand*' and '*how*' of the research topic and questions are critical to setting the philosophical position of this paper and drive the proposed research design and methodology.

3.2 Philosophical position

There is a dichotomy in the world of science between ‘explanation’ and ‘understanding’, between ‘positivism’ and ‘interpretivism’. Those concepts express two major philosophical positions with respect to existence/reality, i.e. ontology (from Greek: ‘the study of being’) and how knowledge of reality is acquired, i.e. epistemology (from Greek: ‘the theory of knowledge’).

In a broad sense, the term *positivism* as defined by Hollis (2002) is the scientific approach applied to the study of human order based on the fundamental principle that the human order abides by the same rules as the natural world. Positivism relies on ontological and epistemological positions predicating that reality is objective, exists independently from individuals, and is governed by law-like generalisations that determine precise effects based on causal relations (Blaikie, 1991). Knowledge is driven by empiricism as it is constructed from observations and extendable to general beliefs once they are confirmed by experience (Hollis, 2002).

Using the model of natural sciences, the positivist approach to social science research is characterised by methodological aspects focused “on developing quantitative and standardised methods” that respond to the demands of operationalising and measuring phenomena, determining causal relations by applying deductive models, meeting validity criteria and allowing generalisations (Flick, 2002). The experimental design and social survey have become the preferred tools to conduct research in social sciences as they meet the above criteria translated from natural sciences research while the positivist epistemology has been associated with the use of quantitative research methods (Bryman, 1984; Flick, 2002). The goal of a positivist approach is to *explain* a phenomenon, usually with the help of quantitative methods.

Critics of quantitative research in social sciences argue that the objective, law-like generalisation approach to social phenomena used by quantitative research is too abstract and its findings often do not correspond to the complexity of reality. Denzin and Lincoln (2005) and Hammersely (2008) criticised the quantitative research goal to explain intricate

social realities using statistical-type relations and to present those explanations as an absolute truth. They argued that quantitative research failed to add depth to the understanding of research phenomena and reflected the various perspectives of research subjects with respect to the same phenomena. Moreover, critics contended that the social reality was an evolving, contingent process emerging from variable human action (Hammersley, 2008).

Another critique, as expressed by Flick (2002), challenged the assumption that quantitative research excluded any trace of reflexivity. Flick argued that the objectivity predicated by quantitative research was idealistic and impossible to achieve in practice as researcher's own preconceptions would be the starting point in formulating research questions and hypotheses to be tested.

Interpretivism was the response to the critics of using positivism in social sciences. Intepretivism laid its fundamentals on ontological and epistemological positions which argued that reality did not exist independently from a researcher and was filtered through researcher's perceptions, beliefs and assumptions. The goal of an interpretivist approach was to *understand* a phenomenon; hence, an interpretivist approach was usually associated with qualitative research methods, although researchers sometimes used quantitative methods within the umbrella of interpretivism.

The ontological presupposition of this research is internal realism which holds that reality is "the product of interaction of individual consciousness" (Runde, 2010). The epistemological position of this paper is weak interpretivism which lies between the two research traditions of positivism and interpretivism and combines elements from both paradigms:

- The aim of this research is to *understand* the phenomenon of strategy formation in high-growth SMEs. Therefore, this research plans to study the phenomenon in its natural setting (i.e. in the SMEs) and understand it through the meanings ascribed by subjects to their actions (Hammersely, 2008). This approach is predicated on an interpretivist epistemology.

- At the same time, this research seeks to build on the rigour of a positivist approach, make contingent generalisations and claim to be valid in its own right (Jones, 2010); it also partially relies on philosophical presuppositions similar to positivism, underpinned by assumptions that the understanding of social phenomena can be achieved independently of a researcher's and participants' subjectivism.

3.3 Introduction to research methods in social sciences

Social sciences use a wide spectrum of research methods, including the experiment, survey, archival analysis, history and case study. A traditional view assigns each method to a certain stage of a research process (Shavelson and Townes, 2002 cited in Yin, 2003, p.3).

Yin (2003) challenged the conventional view which sets a hierarchy of research methods and recommended the application of research methods according to the research question type (Table 14). Yin (2003) elevated the use of case study from a method suitable to early, exploratory research phases to a research methodology that can be used to conduct a full study.

Table 14: Research methods in social sciences

Method	Type of research question	Phase of research – traditional view	Phase of research – Yin's view	Control of events	Focus on contemporary events	Data collection techniques
Experiment	How? Why?	Explanatory	Explanatory	Yes	Yes	Quasi-experiments, randomised field trials
Survey	Who? What? Where? How many? How much?	Descriptive	Exploratory	No	Yes	Questionnaire
Archival analysis	Who? What? Where? How many? How much?	Descriptive	Exploratory	No	Yes/no	Primary and secondary documents, artefacts
History	How? Why?	Descriptive	Explanatory	No	No	Primary and secondary documents, artefacts
Case study	How? Why?	Exploratory	Explanatory	No	Yes	Direct observation, participant observation, interviews, documents, artefacts

Source: adapted from Yin (2003)

3.4 Case study methodology

A case study is defined by several characteristics:

- It is "an empirical inquiry" that investigates the phenomenon in a natural setting (Yin, 2003; Meredith, 1998).
- It "considers temporal and contextual aspects of the contemporary phenomenon under study, but without experimental controls and manipulations" (Meredith, 1998).

- It uses various tools for data collection (Meredith, 1998); a case study can use either qualitative or quantitative data, or a combination (Yin, 2003), which are subsequently triangulated.
- It provides in-depth understanding of complex phenomena (Chetty et al., 2014).

According to Yin (2003), a case study research strategy has distinctive advantages when "how" or "why" questions are formulated and questions refer to contemporary events over which a researcher has no or little control. A case study is a stand-alone research methodology which comprises a design logic, data collection methods and specific techniques for data analysis (ibid.).

Table 15: Case study typologies

Type of case study	Advantages	Disadvantages
Single case	Greater depth A critical test of existing theory	Limits on generalisability Biases with misjudging the relevance of a single case
Multiple case	Augments external validity Mitigates biases with reflexivity	Requires more resources, less depth per case
Retrospective case	Allows collection of data on historical events	Biases with participants' not recalling important facts
Longitudinal case	Overcomes the issues of retrospective cases	Difficult and resource costly as it requires long time

Source: Voss et al. (2002)

Several case study approaches have been presented in Table 15. The choice of a case study methodology for this research was rationalised as follows:

- The research question is a 'how' question.
- The research question studies a complex phenomenon.
- The researcher has no control on the events studied. The research aims to contribute to theory building, an area where the case study method is recognised as particularly strong (Voss et al., 2002).

A qualitative, multiple-case study methodology suitable to exploratory research and the need for in-depth information has been applied successfully to the study of complex strategy decision making processes in small firms (Liberman-Yaconi et al., 2010).

Longitudinal qualitative case studies are well suited for the study of complex entrepreneurial phenomena such as SME growth (Chetty et al., 2014).

The proposed research strategy is predicated on a case study methodology as exhibited in Table 16. It assumes extensive case studies backed by in-depth interviews needed to explore the complexity of the studied phenomenon.

Table 16: Proposed case study research strategy

Characteristic	Rationale for the choice
Multiple case	The evidence is considered more compelling as it allows the replication of results and leads to a more robust development of a theoretical framework (Yin, 2003), which is one of the main aims of this research
Embedded approach	Each case study involves one or multiple units of analysis
Retrospective case	The researched phenomenon takes place prior to a research's initiation
Up to six cases	The number of cases is in line with Yin's recommendations and depends on the complexity of the cases. Yin (2003) recommends two or three cases when expected results are similar, or six to ten cases when contrasting results are expected
Flexible design	Design flexibility allows adjustments of the initial plan driven by the findings of the case(s) and research progress; flexibility strengthens research validity

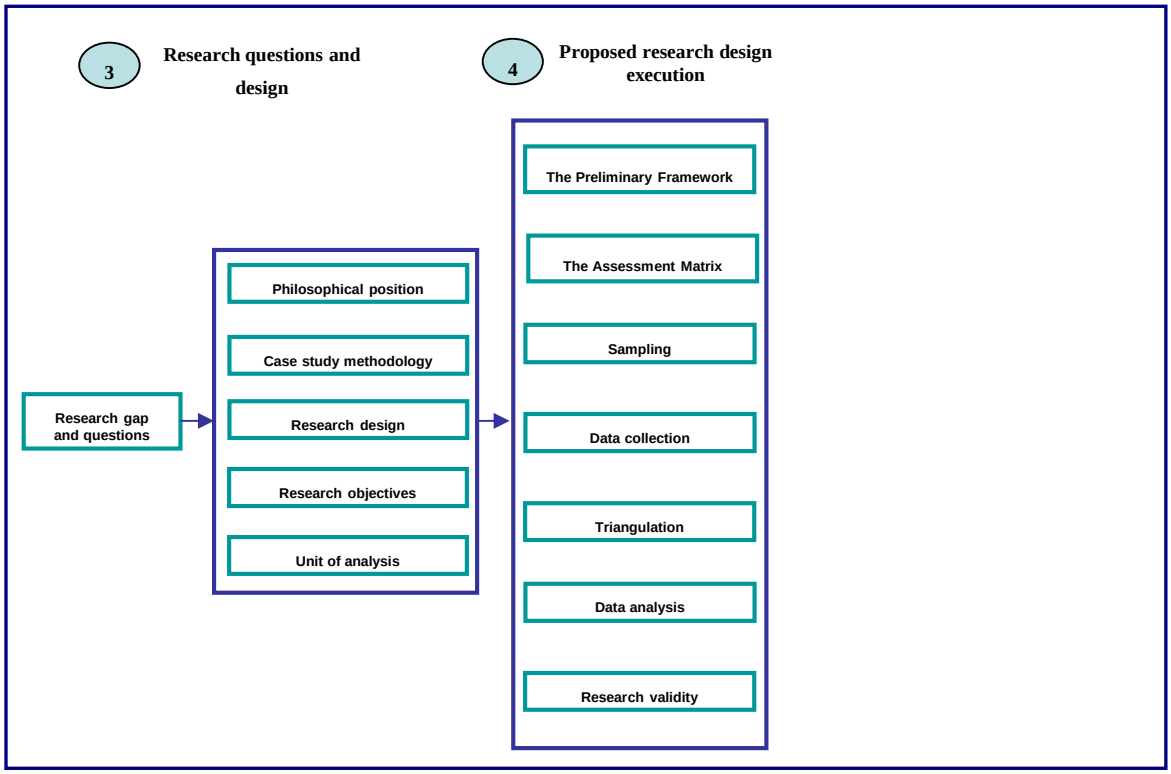
According to Yin (2003), a case study research strategy entails three components: a research design, study propositions (in an exploratory research propositions could lack, instead a research should state its goals), and a unit of analysis.

3.4.1 Research design and objectives

The research design represents the plan of activities of a research project and indicates the flow of activities to be performed from the identification of the research area to findings and conclusions. Research design is the "logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of the study" (Yin, 2003). This research

has a flexible design (Figure 12) - an approach which enhances the robustness of a research process (Platts, 1993).

Figure 12: Research design and execution



Source: adapted from Yin (2003)

The objectives of this research are: to understand how strategy forms and develops in high-growth SMEs, to develop a framework for the qualitative analysis of strategy formation processes in high-growth SMEs, and to identify enablers and barriers related to those processes.

3.4.2 Unit of analysis

The unit of analysis is a strategy formation process of a high-growth SME, with a focus on business strategy. To the extent that a business strategy formation process is supported by a functional strategy formation process, the functional strategy is mentioned in a case study, but it does not represent a unit of analysis. Theoretically, a case company could have functional, business and corporate strategies simultaneously. However, given the small

sizes of SMEs, business strategy is often expected to be the highest organisational level strategy.

The choice of the unit of analysis respects Yin's principle that a unit of analysis and a case should be defined in connection with the way research questions are formulated (Yin, 2003).

3.5 Chapter conclusion

The main research question, i.e. how strategy forms in high-growth SMEs, was formulated based on the gaps identified in the literature. The research questions drove the philosophical position of this paper. The ontological presupposition of this research is internal realism and the epistemological position is weak interpretivism, which combines positivism and interpretivism.

A case study methodology was selected as it suits the 'how' research question (Yin, 2003) and studies a contemporary phenomenon on which a researcher has no control (Voss et al, 2002). This research aims to contribute to theory building for which the case method is strongly recommended (Voss et al., 2002).

The research design is predicated on a multiple, retrospective case study methodology. The proposed research design execution, research goals, and the unit of analysis reflect the case study approach.

The research goals are: to understand how strategy forms and develops in high-growth SMEs, to develop a framework for the qualitative study of strategy formation processes in high-growth SMEs, and to identify enablers and barriers related to those processes.

A flexible design was defined to enhance the research's robustness. The unit of analysis was selected in line with the research question and represents a business strategy formation process in high-growth SMEs.

4 Research design execution

In this chapter the literature review findings have been synthesised in a theoretical framework and assessment matrix for the purpose of the research design execution. The execution of sampling, data collection and data analysis have been described in detail to support the rigour and relevance of the case study methodology. The chapter also presents the approaches taken to meet research reliability and validity criteria.

4.1 The preliminary framework

Developing a strategy formation framework from theory raised a couple of practical questions which have been addressed with the help of the literature as follows:

The first question asked whether it is possible to create a framework which reflects an emergent strategy since an emergent strategy is an unintended and unstructured process.

- The literature answered this question given that an emergent strategy represents patterns or consistencies realised, which can be recognised post-factum (Mintzberg and Waters, 1985; Mintzberg, 1987b); i.e. they are recognised in hindsight as a strategy formation process.

- The proposed retrospective case study research methodology provides insights into the formation of emergent strategies despite the fact that at the time when a strategy was emerging, there was no clearly pre-defined set and sequence of activities to form a strategy.

The second question was whether it is possible to encapsulate different approaches to strategy formation, i.e. deliberate, emergent or a combination, in a single framework or each type of strategy requires a different framework.

- The answer was again provided by the literature. Research on assessing

manufacturing strategy frameworks suitable to SMEs and tested empirically showed that less comprehensive frameworks were more appropriate for SMEs as they operate in uncertain environments and need flexibility of action in emergent strategies (Lofving et al., 2014).

- Frameworks for SMEs also need to respond to practical requirements such as contextual issues (i.e. organisational learning) and organisational aspects (i.e. participation in strategy formation, communication of the agreed strategy, management's commitment to the strategy formation process) (ibid).

- Precedents of 'one-size-fits-all' frameworks exist in the literature. For example, Mintzberg et al. (1976) developed a general model of a strategic decision process following a qualitative study of large firms and government institutions which was used to describe seven decision process types according to the path configurations taken through the model.

A summary of the above challenges and answers to develop a framework for strategy formation processes in high-growth SMEs has been presented Table 17. These criteria have been considered when developing the preliminary framework and, subsequently, when revising the preliminary framework with the findings of this research.

Table 17: Criteria to develop a preliminary framework

Challenge	Response
A single framework might not be fit for the purpose. Each type of strategy (i.e. deliberate, emergent, or a combination) might require a separate framework.	• Less comprehensive frameworks are more suitable to SMEs as SMEs need flexibility of action in emergent strategies (Lofving et al., 2014). • A framework for SMEs needs to be "simple" and "easy to understand" (ibid.). • Frameworks for SMEs need to account for practical aspects of strategy formation processes (ibid.).
Developing a framework could be challenging because emergent strategies are unstructured and unplanned processes.	• The study of emergent strategies in retrospect reveals patterns of behaviours (Mintzberg, 1987b). • The retrospective case study methodology used in this research provides insights into the formation of emergent strategies even if a process was not an intended, well-defined set of activities at the time when a strategy was emerging.

4.1.1 The structure of the preliminary framework

This section describes the bottom-up development of a preliminary framework starting from the analysis of the similarities of the strategy formation frameworks of large companies and SMEs as well as their associated findings presented in Chapter 2. In this context, the term framework refers to a structure or procedure which supports strategy formulation (adapted from Lofving et al., 2014).

The analysis of the literature review frameworks revealed that the strategy formation processes shared certain similarities. In summary, a strategy formation process was triggered by certain drivers which sometimes led to a conscious decision to form a strategy.

The actual strategy formulation was preceded by certain preparatory activities and included several activities. Strategy formulation was followed by implementation feedback or strategy revision which led to the launch of a new strategy process.

The activities comprising strategy formation processes from the literature frameworks and the sequence of the activities were synthesised in a theoretically-derived framework called the 'preliminary framework' ('PF'). The PF comprises the following ten sequential activities, called 'stages':

1. drivers to form a strategy
2. decision to form a strategy
3. preparation of strategy formation
4. data collection
5. data analysis
6. formulation of strategic options
7. evaluation of strategic options
8. internal negotiation/authorisation
9. selection of the final option
10. implementation feedback/strategy revision (followed by the launch of a new process).

A description of how each of the ten PF stages has been developed based on the literature review was presented in the following sections.

4.1.1.1 The drivers and decision to form a strategy

The literature review identifies factors which drive the decision to form a strategy and the existence of a deliberate decision to form a strategy. They have been summarised in Table 18.

Table 18: Drivers and decision to form a strategy

Theoretical stream	Chapter	The drivers and decision to form a strategy	Source
Strategy formation in SMEs	2.6.1	Customers' feedback and requests, market trends, lack of demand, and problems with products, which influence an owner-manager, whose personal characteristics can, in turn, influence a strategy formation process	Liberman-Yaconi, 2010
Strategy formation in SMEs	2.6.1	Forced, opportunistic and evolutionary factors drive the decision to form a strategy	Kiridena et al., 2009
Strategy formation in SMEs	2.6.1	Decision initiation shaped by: - internal factors, such as: urgency, importance, complexity of a decision; manager's personality, formal education, and experience; and business factors); or - external factors: stakeholders, market, technology and regulatory macroeconomic context	Jocumsen, 2004
Quantum leap	2.5.2	Responses to threats and opportunities, less frequently originated from companies' strategic plans	Grant, 2003
Strategy formation in SMEs	2.6.1	CEO's deliberate decision to allocate resources to planning and time investment in "learning" how to plan	Shuman and Seeger, 1986
Planning	2.5.1	The plan to plan	Steiner, 1979

The literature mentions various driver categorises, as shown above. Overall, the drivers can be internal or external triggers and lead to a decision to launch a strategy process. Based on the above table two initial PF stages were articulated:

- The drivers to form a strategy
- The decision to form a strategy

4.1.1.2 Strategy pre-formation activities

Preparation activities which precede strategy formulation activities have been found in the literature review and summarised in Table 19 below:

Table 19: Pre-formation activities

Theoretical stream	Reference	Pre-formation activities	Source
Planning	2.5.1	Strategy identification; environmental, resource and gap analysis	Hofer and Schendel, 1978
Planning	2.5.1	Analysis of external factors, internal factors, historical and current performance; forecasts and SWOT analysis	Steiner, 1979
Emergent strategy	2.5.2	Identification, recognition, diagnosis	Mintzberg, 1976
Incrementalism	2.5.2	Analysis and planning as prerequisites	Quinn, 1982
Quantum leap	2.5.2	Planning guidelines: Forecasts, scenarios and assumptions Targets, directives	Grant, 2003
Strategy formation in SMEs	2.6.1	Situation analysis	Shuman and Seeger, 1986
Strategy formation in SMEs	2.6.1	Information gathering/research Financial analysis and assessments	Jocumsen, 2004
Strategy formation in SMEs	2.6.1	Gathering/interpretation of information	Liberman-Yaconi, 2010
Strategy formation in SMEs	2.6.1	Scanning of environment Analysis of competitive activity	Berry, 1998
Strategy formation in SMEs	2.6.1	Determination of major outside interests focused on organisation expectations of dominant inside interests; information about past, current and future performance; environmental analysis	Bracker et al., 1988

The following stages have been articulated based on the above summary:

- preparation of strategy formation
- data collection
- data analysis, which includes:
    - an analysis of company's internal/external factors, current situation, and historical performance
    - setting assumptions and guidelines for forecasting/planning.

4.1.1.3 Strategy formation activities

The literature review shows that the actual strategy formulation includes the following activities (Table 20):

Table 20: Strategy formulation activities

Theoretical stream	Reference	Component activities of strategy formation	Source
Planning	2.5.1	Strategic alternatives: identify options upon which a new strategy may be built Strategy evaluation: evaluate strategic options Strategic choice: select option	Hofer and Schendel, 1978
Planning	2.5.1	Master strategies, program strategies, medium range programming and programs	Steiner, 1979
Emergent strategy	2.5.2	Development: search, screen, design Selection: evaluation choice; judgement, analysis, bargaining; and authorisation	Mintzberg, 1976
Quantum leap	2.5.2	Drafting a business plan; discussion with corporate; revising a business plan; drafting annual capital operating budgets and a corporate plan; and BoD's approval	Grant, 2003
Strategy formation in SMEs	2.6.1	Issue specification Option generation Evaluation and selection	Shuman and Seeger, 1986

Strategy formation in SMEs	2.6.1	Assessment of strengths and weaknesses Identification and evaluation of alternative courses of action	Berry, 1998
Strategy formation in SMEs	2.6.1	Assessment of strengths and weaknesses Consideration and evaluation of alternative courses of action Preparation of alternative plans	Ackelsberg and Arlow, 1985
Strategy formation in SMEs	2.6.1	Internal matters Final commitment	Jocumsen, 2004
Strategy formation in SMEs	2.6.1	Consolidation, commitment and realisation	Kiridena et al., 2009
Strategy formation in SMEs	2.6.1	Option generation Deliberation over alternatives Strategic decision	Liberman-Yaconi, 2010

As a result, four main activities were found to comprise strategy formulation:

- formulation of strategic options
- evaluation of strategic options
- internal negotiation/authorisation
- selection of the final strategy.

4.1.1.4 Post-strategy formulation activities

The literature review provides evidence of post-strategy formulation activities as shown in Table 21:

Table 21: Post-strategy formulation activities

Theoretical stream	Reference	Post-strategy formation activities	Source
Quantum leap	2.5.2	Performance appraisal precedes initiation of a new strategy formation cycle	Grant, 2003
Strategy formation in SMEs	2.6.1	Reviewing and revising plans	Berry, 1998
Strategy formation in SMEs	2.6.1	Feedback	Bracker et al., 1988
Strategy formation in SMEs	2.6.1	Review/revision of plans	Ackelsberg and Arlow, 1985

Feedback from strategy implementation can lead to strategy revision or the initiation of a new strategy formation process. The intercalation of implementation with strategy formation could lead to a formation-revision loop. The interplay between formation and implementation is characteristic to unstructured, emergent processes (Mintzberg, 1976). Strategy formation in micro-firms is an iterative, non-sequential, and "cycling through phases"-type process (Liberman-Yacomi, 2010).

4.1.2 Unstructured strategy formation processes

The previous sections showed that strategy formation included a pre-determined succession of well-defined stages. The question whether these steps occur sequentially or iteratively arises (Jocumsen, 2004; Liberman-Yaconi et al., 2010). The literature also provides insights into situations when strategy formation is not linear, is not the result of a deliberate decision, and the process stages are not delineated and do not take place sequentially (Table 22). Those stages have been called 'iterative stages'.

Table 22: Unstructured strategy formation processes

Theoretical stream	Reference	Features of strategy formation	Source
Muddling through	2.5.2	Succession of incremental changes, allowing corrections on the way	Lindblom (1959)
Incrementalism	2.5.2	Strategy making in incremental pieces, triggered by critical events taking place one at a time Emphasis on internal bargaining to articulate a strategy	Quinn (1982)
Quantum leap	2.5.2	Transition process between configurations; a configuration represents a status of stability of an organisation	Miller (1982; 1984)
Quantum leap	2.5.2	Strategy is a dynamic process, modelled by feedback from failed and successful strategies	Gibcus and Kemp (2003)
Quantum leap	2.5.2	Disciplined, formal process aimed at the complete specification of corporate, business and functional strategies Strategy is based on a negotiation process among key players Strategy emerges from an action pattern of past decisions	Hax and Majluf (1988)
Emergent strategy	2.5.2	Emergent strategy: - A deliberate strategy reformulated over time due to changes of various factors or failure of intended plans; or - A strategy which develops incrementally as a sequence of ad hoc decisions and does not follow a pre-established process (1978) Iterative strategy: a combination of normative approaches at low and middle levels and iterative (with recurring loops) approaches at high levels in organisations (1976)	Mintzberg, (1976; 1978)

The above summary indicates that strategy formation in SMEs can be:

- dynamic, in continuous adaptation
- iterative, with recurring loops
- emergent, developing incrementally as a result of a succession of changes or a cumulus of simultaneous changes.

4.1.3 The preliminary framework's visual representation

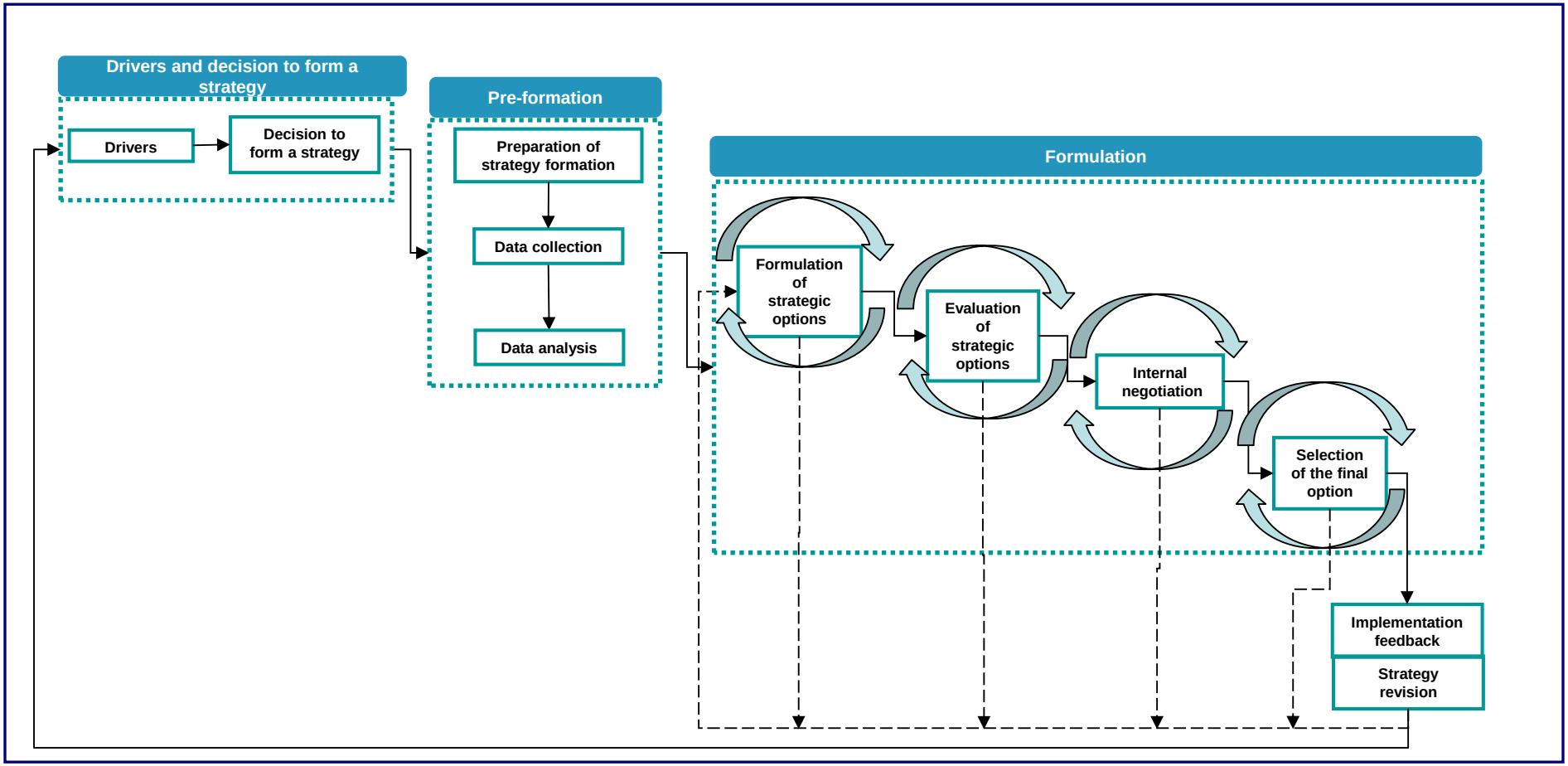
The findings of sections 4.1.1 and 4.1.2 indicate that strategy formation in SMEs can range from deliberate to emergent, in line with Leitner (2014)'s findings. Strategy formation is dynamic and develops in cycles, as observed by Pfiffner (1960) and Mintzberg (1976).

Starting from the visual frameworks of the literature review and the above findings, a visual representation of the PF has been developed and presented in Figure 13. The benefits of visualisation were explored by Platts and Tan (2004) who concluded that visualisation helped to tackle the complexity of multi-stage and multi-dimensional strategy formulation processes.

The PF diagram, as shown in Figure 13, provides flexibility to suit an emergent, a deliberate, or a hybrid strategy formation process. The PF's visual representation reflects the sequence of the ten stages described in section 4.1.1, which applies to deliberate and planned processes.

The PF diagram can also be used for processes of less than ten stages to reflect an emergent or a hybrid strategy process. Each of the four stages of the 'Formulation' box of the diagram have been surrounded by circular arrows to show that they can be iterative. They have been linked with dotted arrows to the process flow to reflect recurring loops. The 'Decision to form a strategy' and the 'Pre-formation' activities are excluded when a strategy is emergent because they assume a deliberate approach.

Figure 13: The preliminary framework diagram



Legend:

Iterative stage

Deliberate sequence of activities

Emergent, recurring loop

Conclusion

A literature-derived PF for the qualitative study of strategy formation processes, formed of ten stages was articulated based on the frameworks used in large companies and SMEs as well as planned and emergent approaches to strategy formation.

A visual representation of the PF was developed. The PF diagram can be used for planned, emergent, or a combination of strategy formation processes.

4.2 The assessment matrix

A number of 13 characteristics to assess strategy formation processes has been identified in section 2.6.2. In order to analyse the strategy formation processes of the case companies each characteristic is assigned a value from a predefined value range as follows:

- For the 11 criteria adapted from Mintzberg (1998), the value range includes:
    - two values of opposite meaning taken from the 'Answers' column of Table 10; and
    - a third value called 'mix', which represents a balance between the above two values. The introduction of the third value reflects Mintzberg (1998)'s remarks that in real life balanced approaches between the two extreme values are more likely.
- For the company size criterion, the value range includes: small/medium (according to the SME criteria of this research) versus large companies.
- For the external environment criterion, the values include: stable/simple or dynamic/complex according to the descriptions provided in section 2.6.2.

Table 10 has been adapted to include additional columns: 'strategy dimension', 'question(s)' and 'value range'. The resultant table is called the 'assessment matrix' ('AM') and shown in Table 23. The AM is used as a tool to analyse and compare the strategy formation processes of the case companies.

Table 23: The assessment matrix

	Strategy dimension	Characteristic	Question(s)	Value range		
				Extreme (pure emergent process)	Extreme (pure deliberate process)	Baanced view
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	Specific, nuanced	General, simple	Mix
2	Content	Integration	How tightly integrated should a good strategy be?	One strategy	Portfolio of components	Mix
3	Content	Novelty	How unique or novel should a good strategy be?	Unique	Generic, clearly defined	Mix
4	Content	Content related control	How deliberate or emergent should an effective strategy-formation process be […]?	Realised patterns	Intended plans	Mix
5	Process	Process related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Emergent	Deliberate	Mix
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability	Continuous change	Rarely changing	Mix
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Incremental	Occasional	Mix
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Learning easily	No learning	Mix
9	Process	Strategic choice	How much [strategic choice is out there]?	Reactive	Proactive	Mix
10	Process	Strategic thinking	How much strategic thinking do we want?	Acting-dominant	Thinking-dominant	Mix
11	Process	Collective (central actors)	Who is the strategist?	He	Them or It	Mix
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	Stable/simple	na
13	Context	Company size	How large is the company?	Small or medium	Large	na

Each AM column has been explained below:

- 'Strategy dimension' - comprises process, content, or context dimensions.
- 'Characteristic' - belongs to a dimension.
- 'Question(s)' - supports the assignment of a value from the value range to a characteristic.
- 'Value range' - includes three categories:
    - 'Extreme (pure emergent process)' - includes values which characterise pure emergent processes.
    - 'Extreme (pure deliberate process)'- includes values which characterise pure deliberate processes (the above two categories emulate Mintzberg (1994)'s left and right-handed planners).
    - 'Mix' - incudes values which lie between the two extremes.

Conclusion

Three dimensions and 13 characteristics to assess strategy formation processes were articulated based on the literature review. Each characteristic was associated with a question to help with the assessment of a strategy formation process. A range of values as possible answers to each question was derived from the literature findings.

The dimensions, characteristics, questions and values were compiled in the AM, which represents a tool to study the strategy formation processes of the case companies.

4.3 Execution of the case study research design

4.3.1 Sampling

A matrix of sampling criteria to select the case companies has been defined starting from the findings of the literature review regarding SME and high-growth definitions (see Table 9). The criteria to select the high-growth SME cases for this research have been outlined in Table 24 and include a list of tests needed to be passed sequentially by potential company candidates.

The UK has been chosen as the location of the headquarters or main operations of the case companies for accessibility reasons and to avoid language barriers. Furthermore, a sector agnostic approach has been used to eliminate industry-driven biases.

Table 24: Summary of sampling criteria

Level	Criterion	Test	When	Next level
1	**Location**	Operating and/or headquartered in the UK	During the researched period	Yes, go to 2 No, abandon
2	**Headcount**	Greater than 10 and less than 250 employees	Idem	Yes, go to 3 No, abandon
3	**Revenue**	Greater than £2 million and less than £50 million	For minimum three consecutive years during the researched period	Yes, go to 5 No, go to 4
4	**Assets**	Greater than £10 million and less than £43 million	Idem	Yes, go to 5 No, abandon
5	**Headcount**	Minimum 20% CAGR or in the top 10% firms with the highest increase in the sector	Idem	Yes, select No, go to 6
6	**Revenue**	Minimum 15% CAGR or in the top 10% firms with the highest increase in the sector	Idem	Yes, select No, abandon

A long list of 50 high-growth SMEs was compiled from multiple information sources (Fasttrack100, the London Stock Exchange's '1,000 Companies to inspire' list, news and conferences). Interviews with SME-focused organisations (the British Growth Fund, Nesta, the Growth Accelerator, IfM's Centre for Entrepreneurship) were conducted to understand the UK SME ecosystem.

The companies on the long list were tested against the sampling criteria. A short list of 21 companies which met the criteria were contacted. Six companies responded and agreed to participate in the research. Two cases were abandoned after the start of the interviews because the executives did not commit sufficient time to the process. The resultant companies have been presented in Table 25.

Table 25: Overview of case companies and referral sources

Company	Sector	Referral source	Management type	Majority ownership	Size during research period
A	Insurance and financial services	Industry conference/event	Professional	Financial investors	Medium
B	Application software, data processing and outsourced services	Industry conference/event	Professional	Financial investors	Medium
C	Internet software and services	Industry conference/event	Founders	Founders	Small to medium
D	Communications equipment	IfM	Founders	Founders	Small to medium

The case companies are representative stories of high-growth success in their respective sectors and, thus, their selection complies with Yin (2003)'s replication logic procedures or Eisenhardt (2007)'s theoretical sampling.

Theoretical replication procedures have been also addressed in sampling. The case companies can be divided in two groups based on the founders' involvement and size:

- The first group includes companies A and B which have been medium-sized during the research period and in an institutionalised phase, i.e. they had financial investors (i.e. private equity funds) as majority owners and were managed by highly experienced professional CEOs.
- The second group includes companies C and D, which transitioned from small to medium-sized during the research period and were majority-owned and run by their founders.

The above group particularities may account for possible rival explanations in the research findings, which are highlighted in the subsequent relevant sections.

The decision to exclude non-high growth SMEs from the sampled cases has been motivated by the exploratory nature of this research as the phenomenon under evaluation (i.e. strategy formation in high-growth SMEs) had no clear set of outcomes at the inception of the study (Yin, 2003). Therefore, the concomitant study of non-high growth SMEs would have been impractical and any conclusions highly questionable as there would have been difficult to

test any outcomes on non-high growth SMEs before they have been identified from the study of the high-growth SME cases. This sampling bias can be addressed in future research.

4.3.2 Data collection

The literature recommends the following data collection techniques for a multiple-case, embedded approach and retrospective cases:

- Documentation:
    - the study of the minutes of management meetings, internal management reports, minutes of board meetings etc.
    - the study of public information.
- Archival records: the same approach as above, but applied to quantitative data.
- Direct or participant observation: a researcher assists to the phenomenon studied without influencing it and records undergoing activities (as opposed to action research when a researcher takes an active role and influences the phenomenon studied (Platts, 1993)).
- Open-ended questionnaires and semi-structured interviews:
    - "Interviews are an essential source of case study evidence" (Yin, 2003) and semi-structured interviews are one of the methodological bases of qualitative research (Flick, 2002). Questions can be open-ended (Yin, 2003) and represent a guide for interviews.

    - Interviewees are questioned about facts and their own opinions (Yin, 2003). An interviewer needs to be flexible to adapt between the interview guide and the research question purpose as opposed to an interviewee's way of answering questions (Flick, 2002). An interviewer needs to decide when to ask for more information according to his/her judgement, keep interviewees away from digressing, and be open to new topics relevant to the research mentioned by interviewees (Flick, 2002).

Multiple data collection sources have been used in this research (Table 26). Semi-structured interviews have been the main data collection technique, complemented by documentation and archival records, as suggested by Yin (2003) and Eisenhardt (1989). Close field observations and interviews are recommended instead of questionnaires for a deeper understanding of decision making processes (Mintzberg et al., 1976).

Table 26: Data collection sources used in this research

Technique	Data source	Purpose
Documentation	Company's website, press releases, news articles, interviewees' presentations	Understanding the context of strategy formation
Archival records	Annual filings with Companies House	Information to test the high-growth criteria
Interviews	Semi-structured interviews with open-ended questions	Understanding strategy formation

Interviews were conducted with ten key respondents (founder-CEOs and management) of the case companies who were directly involved in strategy formation. Companies were approached directly or following a referral.

Prior to an interview, an email was sent to an interviewee to describe the research topic and interview protocol. Interviews comprised open-ended questions, were semi-structured and conducted according to a predefined protocol.

Interviews lasted between 45 and 150 minutes each, with a 60-minute average, and were conducted sequentially, over a period of three to six months usually. The first interview was followed up by meetings, calls or emails, with the same or additional respondents to collect further information and validate the findings. The first respondent introduced additional respondents, in line with Yin's recommendation of a respondent suggesting other persons to be interviewed (Yin, 2003). An overview of interview statistics has been presented in Table 27 below:

Table 27: Interview data collection

Company	Interviewees	Number of interviews	Number of emails	Total interview minutes	Total transcript pages
A	CTO, CEO and COO	6	2	325	63
B	CEO, CTO and Marketing Director	4	1	255	47
C	CEO and COO	4	2	240	62
D	CEO and COO	5	4	330	72

An interview questionnaire was drafted based on the literature review findings. The open-ended questions of the interview questionnaire emulated the PF and AM (the interview protocol and questionnaire are available upon request).

Interviews were hand-written, recorded (when permitted) and transcribed. A comprehensive case study narrative was initially drafted based on the transcripts, then extended and completed with additional data from subsequent interviews and emails with the same or different respondents, and documentation sources. Respondents were asked to verify the case narratives for accuracy, as suggested by Lincoln and Guba (1985).

Case narratives described strategy formation processes in chronological order. One merit of the chronological structure of a case study is that the sequence of events allows to explore any presumed causal relations (Yin, 2013).

4.3.3 Triangulation

Triangulation represents the use of multiple sources of evidence to support the validity and reliability of a research construct. Flick (2002) and Yin (2003) mention four types of triangulation:

- Data triangulation: when multiple sources of data have been used.
- Investigator triangulation: when multiple evaluators have been involved to overcome biases of a sole researcher.
- Theory triangulation: when various perspectives have been used to approach the same data set.
- Methodological triangulation: when different methods have been used to measure the same data.

Data triangulation assumes the collection of data from multiple sources and corroboration of such data (Yin, 2003). Triangulation can be done as:

- Upper portion: when facts and events have been supported by more than a single source of evidence.
- Lower portion: when multiple sources of evidence have been used and analysed, but addressed different facts; then case conclusions rather than actual source data have been compared (ibid.).

Data triangulation and methodological triangulation have been used in this research (the other types of triangulation were not applicable) as shown in Table 28 and underpinned by:

- multiple sources of evidence at each company

Table 28: Sources of evidence used in this research

Company	Interview transcripts	Company website	News articles	Interviews published	Annual filings at Companies House	Presentations
A	Yes	Yes	Yes	Yes	Yes	Yes
B	Yes	Yes	Yes		Yes	
C	Yes	Yes	Yes	Yes	Yes	Yes
D	Yes	Yes	Yes		Yes	

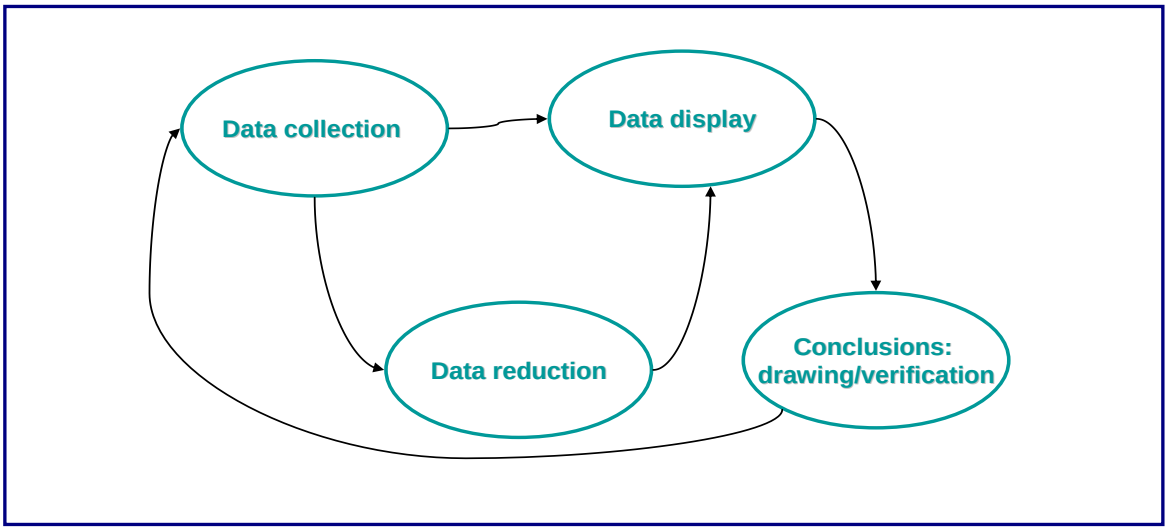
- multiple sources to account for the same facts and events:
    - Each case study entailed interviews with multiple respondents (three respondents at each companies A and B and two respondents at each companies C and D) who reported on the same events and provided their own perspectives.
    - Final case narratives were checked by a respondent of each company.

4.3.4 Data analysis

Data analysis follows three steps: reduction, display, and conclusion drawing and verification (Miles and Huberman, 1994). Data reduction assumes various techniques (e.g. drafting memos, coding) aimed at filtering the relevant information, making clusters, and identifying themes and patterns that have been subsequently organised and displayed in visual forms to facilitate conclusion drawing.

Verification is an ongoing process embedded in data collection and assumes continuous refinement of the research design, e.g. interview structure, data collection protocol, and framework refinement (Figure 14).

Figure 14: Data analysis as an interactive process



Source: Miles and Huberman (1994)

The case study narratives have been deconstructed to extract parts of text representative to the descriptive codes (key words/phrases) identified based on the PF stages and AM characteristics. The text parts have been organised in categories to capture key themes and analysed following a protocol rigorously defined and formed of three sequential steps:

- strategy mapping
- strategy patterning
- cross-comparison.

Templates for data display and reduction tools (strategy maps, PF and AM templates) have been presented below.

4.3.4.1 Strategy mapping

Strategy mapping is the key method used to reduce and analyse the collected data. It represents an adaptation of the strategy charting developed by Mills et al. (1998) as a visual tool to collect data on manufacturing strategy processes.

The original strategy charts, which showed a timeline on the X axis and components of a manufacturing strategy process on the Y axis, were adapted to show the timeline of key company events on the Y axis and the collected data on strategy formation on the X axis. This has been called a 'strategy map' and shown in Table 29.

Table 29: Strategy map structure

Data from the case narrative						
Timeline	Key company events	Strategy formation activities	Strategy implementation activities	Strategy content related to the process	PF stages recognised in company's processes	Commentary

The columns of the strategy maps have been populated with data extracted from the case study narratives as follows:

- 'Timeline' - the dates of key events arranged chronologically
- 'Key company events' - key company milestones

- ‘Strategy formation activities’ - details of formation activities extracted from a case narrative
- ‘Strategy implementation’ - information on implementation activities extracted from a case narrative
- ‘Strategy content’ - text on strategy content extracted from a case narrative
- ‘PF stages recognised in company’s process’ - the corresponding PF stage associated with each activity in the ‘Strategy formation activities’ column
- ‘Commentary’ - observations related to any strategy activities.

4.3.4.2 Strategy patterning

Two templates have been created starting from the literature-derived PF and AM. The information from a strategy map has been transferred to both templates.

Table 30: The PF template

	a Stages of the Preliminary Framework (PF)	b Timeline	c Description of activity		d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yest at (e), for how long was the action repeated?	h If yest at (d), who performed the action?	i If yest at (d), in what format/form was the action performed?
1	Drivers									
2	Decision to form a strategy									
3	Preparation of strategy formation									
4	Data collection									
5	Data analysis									
6	Formulation of options									
7	Evaluation of options									
8	Internal negotiation/authorisation									
9	Selection of the final option									
10	Implementation feeback followed by strategy revision/new strategy formation process launched									

The columns of the PF template shown in Table 30 have been populated as follows:

- (a) ‘Stages of the preliminary framework’ - the PF stages

- (b) ‘Timeline’ - information from the ‘Timeline’ column of a strategy map
- (c) ‘Description of activity’ - information from the ‘Strategy formation activities’ column of a strategy map
- (d) ‘Was the PF stage present?’ - the question asks whether a PF stage was present in the strategy formation process of a case company. A cell is marked with a ‘y’ (for yes) or ‘n’ (for no) based on the information from the ‘PF stages recognised in the company’s process column of a strategy map.
- (e) ‘If yes at (d), was the action of the stage iterative?’ - the question ascertains whether a stage is iterative (see section 4.1.2). The same ‘y’/’n’ approach as above applies.
- (f) ‘If yes at (e), how frequent was the action?’; (g) ‘If yes at (e), for how long was the action repeated?’ - details on the frequency and length of an iterative stage
- (h) ‘If yes at (d), who performed the action?’ - details on participants in strategy formation processes (see section 2.6)
- (i) ‘If yes at (d), in what format/form was the action performed?’ - details on strategic outputs (see section 2.6).

Columns (a) - (d) have been used to analyse the stage structure of strategy formation processes. Columns (e) - (i) have been used to analyse other aspects of strategy formation processes.

The literature-derived AM has been used to set up a template to evaluate the characteristics of the strategy formation processes of each case company (Table 31). Two columns have been added to the AM:

- ‘Value attributed’ - assigns a value to a characteristic of a company’s strategy formation process from the value range defined in Table 23.
- ‘Explanation’ - explains why that value has been attributed.

Table 31: The AM template

	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?		
2	Content	Integration	How tightly integrated should a good strategy be?		
3	Content	Novelty	How unique or novel should a good strategy be?		
4	Content	Content related control	How deliberate or emergent should an effective strategy-formation process be […]?		
5	Process	Process related control	To what extent is there a need for a priori control as opposed to a posteriori learning?		
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability		
7	Process	Pattern or pace of change	How do organisations change? How does change take place?		
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?		
9	Process	Strategic choice	How much [strategic choice is out there]?		
10	Process	Strategic thinking	How much strategic thinking do we want?		
11	Process	Collective (central actors)	Who is the strategist?		
12	Context	External environment	How dynamic or stable is the environment?		
13	Context	Company size	How large is the company?		

4.3.4.3 Cross-case comparisons

Once the PF and AM templates have been completed for each company, data from the PF and AM templates has been transferred to the following cross-comparison tables based on the following protocol:

- 'Cross-case comparison of the PF stage structures' (Table 32) - the information in column (d) of each completed PF template of a case company has been compared to the structure of the PF, i.e. column (a) of the PF template. If a PF stage is present, then the respective cell of Table 32 has been marked with 'y'. The number of the present PF stages of each company has been counted at the bottom of the table.

Table 32: Cross-case comparison of the PF stage structures

		Company			
	Stages of the Preliminary Framework ('PF')	A	B	C	D
1	Drivers				
2	Decision to form a strategy				
3	Preparation of strategy formation				
4	Data collection				
5	Data analysis				
6	Formulation of options				
7	Evaluation of options				
8	Internal negotiation/authorisation				
9	Selection of the final option				
10	Implementation feeback/revision				
	Number of PF stages present				

- 'Cross-case comparison of iterative stages' (Table 33) - based on the information in column (e) of the completed PF template of each company, a cell of Table 33 has been marked with 'y' if the respective stage is iterative.

Table 33: Cross-case comparison of iterative stages

		Company			
	Stages of the Preliminary Framework ('PF')	A	B	C	D
1	Drivers				
2	Decision to form a strategy				
3	Preparation of strategy formation				
4	Data collection				
5	Data analysis				
6	Formulation of options				
7	Evaluation of options				
8	Internal negotiation/authorisation				
9	Selection of the final option				
10	Implementation feeback/revision				
	Number of iterative stages				

- ‘Cross-case comparison of AM characteristics’ (Table 34) - the information from the ‘Value attributed’ column of the filled-out AM templates of each company has been arranged alongside the ‘Characteristics’ column of the AM.

Table 34: Cross-case comparison of AM characteristics

	Strategy dimension	Characteristic	Company			
			A	B	C	D
1	Content	Complexity				
2	Content	Integration				
3	Content	Novelty				
4	Content	Content related control				
5	Process	Process related control				
6	Process	Presence of change				
7	Process	Pattern or pace of change				
8	Process	Source of change				
9	Process	Strategic choice				
10	Process	Strategic thinking				
11	Process	Collective (central actors)				
12	Context	External environment				
13	Context	Company size				

The above tables, in conjunction with the within-case analysis findings, have been used to draw cross-case conclusions.

4.3.5 Research validity

Yin (2003) summarised four tests to assess the validity of a research which uses a case study methodology, as shown in Table 35.

Table 35: Research validity tests

Test	Test meaning	Suggested methods	Research phase
Construct validity	Establishing correct operational measures for the concepts studied	Use multiple sources of evidence Establish a chain of evidence Key informants to review draft case study report	Data collection
Internal validity	Establish causal relationships (not applicable to descriptive or exploratory studies)	Apply pattern-matching Apply explanation building Address rival explanations Use logic models	Data analysis
External validity	Allow collection of data on historical events	Use theory in single-case studies Use replication logic in multiple-case studies	Research design
Reliability	Overcome the issues of retrospective cases	Use case study protocol Develop case study databases	Data collection

Source: adapted from Yin, 2003

The validity of this research has been assessed based on the following tests:

- Construct validity has been addressed by:
  - using multiple sources of evidence, such as documentation, archival records, and interview transcripts
  - sharing the interview protocol with interviewees
  - establishing a chain of evidence
  - having the transcripts reviewed by respondents (in line with Chetty et al. (2014) findings on conducting qualitative case studies over a long duration).
- Internal validity has been addressed by rigorously building the literature-derived PF and AM, in line with Chetty et al. (2014)'s recommendation to develop an initial research plan anchored in a theoretical framework.
- External validity has been tackled by using replication logic in multiple case studies and defining clear and similar sampling criteria (ibid.).
- Reliability has been addressed by developing transparent case study protocols (the interview protocol and structure) and a case study database with transcripts and secondary data (ibid.).

4.4 Chapter conclusion

The PF and AM were articulated for the purpose of the research design execution based on the analysis of the strategy formation frameworks of large companies and SMEs, and the literature review findings.

The PF comprises ten strategy formation stages. The PF's visual representation was also drawn. The AM comprises 13 characteristics of strategy formation processes which reflect criteria from the literature review.

The theoretical concepts underpinning each research design stage and the execution of sampling, data collection, triangulation, data analysis, and research validity were detailed. Data analysis was divided into strategy mapping, strategy patterning and cross-case comparisons.

The original strategy charting approach was adapted and a strategy map was introduced to support strategy mapping. The PF and AM templates underpin strategy patterning. The PF template provides a research method to study the structure and other aspects of strategy formation processes. The AM template supports the study of the features of strategy formation processes.

Three cross-case comparison approaches built on the PF and AM templates were proposed in the third phase of the data analysis. The cross-case analyses compare stage structures, iterative stages, and characteristics of the strategy formation processes of the case companies.

5 Case studies and within-case analyses

This chapter presents the case studies, within-case analyses and associated findings. Each case study comprises the following parts:

a) Case study narrative, which includes three sections:

- *About the company* - describes company's business, market position, and key milestones.
- *The strategy formation process* - identifies the high-growth period and describes strategy formation processes during the researched period.
- *The role of strategy formation in achieving growth* - encapsulates the interplay between strategy formation and growth performance.

b) Within-case analysis, which comprises the following sections:

- *Strategy mapping* - the data is reduced and transferred from a case narrative to a strategy map.
- *Strategy patterning* - further data reduction and analysis are conducted and the PF and AM templates are filled out.
- *Within-case analysis findings* – the findings are described as follows:
    - Analysis of the stage structure - analyses the structure of a strategy formation process of a case company in comparison to the PF stages.
    - Cycle features - identifies cycle features.
    - Analysis of characteristics - analyses the characteristics of a strategy formation process of a case company following the AM characteristics.
- *Enablers and barriers* - identifies enablers and barriers related to strategy formation.

c) Conclusion, which summarises the findings of a case study.

A summary of the case companies has been outlined in Table 36 below:

Table 36: Summary of case companies

Company	Sector	Headquarters	Management type	Majority ownership	Size during research period
A	Insurance and financial services	London	Professional	Financial investors	Medium
B	Application software, data processing and outsourced services	London	Professional	Financial investors	Medium
C	Internet software and services	London	Founders	Founders	Small to medium
D	Communications equipment	Cambridge	Founders	Founders	Small to medium

Each case study narrative represents a full length case study narrative drafted based on the interview transcripts and various documentation sources. Companies' and interviewees' names have been anonymised for confidentiality reasons.

5.1 Company A

5.1.1 Case study narrative

5.1.1.1 About the company

SB is UK's leading online insurance broker for small businesses, with headquarters in London and additional offices in Northampton. The company enables business owners to compare insurance quotes and see fully underwritten quotes, which can be purchased immediately. The company has a 20% market share in the online brokerage insurance segment for small businesses, according to management's estimates. The company is also an important player in the offline market for small businesses.

Key company milestones:

- 2000: The company was established by BL and a few funding backers. BL was CEO until 2008.
- 2003: The company started to operate as an online insurance broker, selling various types of insurance products.
- 2005: The company launched a broker for SME insurance under the brand SB and an online quote comparison service.
- 2005-10: Selling insurance products to SMEs became the main activity by 2010.
- 2008: A large insurance company acquired a minority stake in SB. An internal manager replaced the founder-CEO.
- 2010: A new CEO was hired externally.
- 2012: A company sale failed. The company finalised the IT replatforming.
- 2013: Management completed the first MBO.
- 2016: A second MBO was completed.

5.1.1.2 The strategy formation process

The company met the revenue and headcount criteria of a high-growth SME during the period of 2010-14 as follows (see Table 37):

Table 37: Revenue and headcount

EOY December	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2009-14 CAGR**	**Test CAGR**
Revenue (£ million)	12.1	16.1	19.5	22.9	25.1	29.1	**19%**	**15%**
Headcount (FTEs)	135	146	167	189	226	283	**16%**	**20%**

Source: Companies House

Note: CAGR formula starts in the year prior to the first year of the researched high-growth period to account for the full growth of the period; a similar approach is used for the other case companies.

Several periods were identified in the company's business and strategy development based on interviewees' opinions:

- Prior to 2010: The company focused on finding core capabilities. There was no formal strategy.
- 2010-12: The company consolidated its core capabilities; signs of a structured strategy formation emerged.
- 2012-13: The company found a strategic direction; a structured strategy formation process was established.
- 2013-14: The company accelerated its financial growth and explored new avenues for growth.
- Post 2014: The company focused on long-term growth whilst maintaining and exploiting core business competencies.

5.1.1.2.1 ***The period prior to 2010***

From inception to 2004 the company experimented with various online activities, which offered SME clients a platform to outsource their back-office functions. Software licences were offered to bank customers and insurance companies in order to set up their online trading platforms for factoring and commercial mortgages starting in 2004. Those lucrative clients provided the company with financial resources to test new activities.

The idea of starting an insurance brokerage activity arose in 2004-2005 when the company received many inbound customer requests. The SME insurance brokerage business was

developed organically during 2005-09. The company started to focus on the brokerage activity due to its success and closed the other lines of business by 2010. This transformed the company and led to the maturation of internal business structures from a startup-type organisation to the standardisation of the product portfolio.

5.1.1.2.2 ***The period of 2010-12***

In 2010 the shareholders started to search for a new CEO because the company was not performing according to their expectations, the growth was slowing down and net profits were still in red. The strategy formation process during 2010-12 was driven by the company's performance and management changes made in 2010.

JS was appointed CEO in May 2010. His philosophy was to transform companies into leading players by solving a problem of consumer choice. In the previous companies he ran he empowered consumers by providing them with access to transparent information through technology-enabled business models. JS was recruited to replicate this successful approach at company A.

When the CEO joined he learned that the founders already articulated a vision of the company's growth in several papers on marketing, strategy and other development areas. The CEO had made radical changes in his first three months in office in the previous companies he had led. He applied lessons from strategy books, such as “The first 90 days” (Michael Watkins), to implement quick changes. However, at company A he decided to use a different approach and waited longer than three months before implementing any changes.

Before the CEO joined company A he had already interviewed the key managers. During his first six months in office he interviewed the majority of employees for several reasons:
- to identify problems in the business and establish priorities of action, e.g. debt covenants were in breach and discussions with banks were a priority
- to identify themes relevant to company's development, operations and future focus areas

- to validate his prior assessment of the senior management, learn who the informal key opinion leaders were and how critical they were to the company.

In the first six months he assessed people and reformed the team; he changed 50% of employees. He listened to his instincts to assess existing managers who could be a good fit to implement his growth vision and with whom he could work.

The CEO focused on fostering a collaborative work environment. When he joined there were tensions between business people and developers, between the London and Northampton offices, and between the insurance and lending divisions.

The CEO also focused on building a relationship with shareholders and the BoD, and understanding Board's dynamics and expectations. The relationship with the shareholders became gradually tensed due to a misalignment of visions regarding company's growth. Despite BoD's formal agenda to grow the company, the CEO understood from individual conversations with each shareholder that shareholders' objective was to sell the company as soon as possible.

The CEO encapsulated the findings of his interviews with employees in a strategy paper, which he drafted from October to December 2010. He discussed and tested the paper with the executive management.

In December 2010 the CEO presented the strategy paper to the BoD, including the founders. The paper proposed to turn the company into a global leader in the online SME insurance market and finance the company's future growth from profits. The Board members did not agree with the CEO's strategy because it was not aligned with their goal to maximise profits and sell the business within 12 months.

Once the CEO realised the Board was an obstacle to growth, he started to look for investors to buy out the shareholders. He negotiated a deal with a financial investor for 18 months which he proposed to shareholders. However, the deal fell apart as shareholders tried to renegotiate the terms and the investor withdrew in 2012.

The CEO's mandate gained a dual focus since the Board opposed to his strategy. As he started to know the company and employees extremely well, he made the decision to implement founders' and his strategy simultaneously. This was possible because the two strategies had different time horizons:

- an official, short-term strategy: to turn the company profitable within 12 months to meet shareholders' objectives
- an informal, long-term strategy: to reshape the organisation and implement the CEO's vision of transforming the company into a global leader.

According to the CEO, the simultaneous implementation of both strategies was possible because the founders were not involved in company's operations, only attended Board meetings, and solely focused on financial performance. The CEO identified areas of cost optimisation and increased product renewals; these allowed him to cut costs, increase revenue and turn the company profitable.

While delivering the financial targets required by the BoD, the CEO followed his vision of making substantial changes in the company. He transformed the company into a lean, agile organisation, focused on people, engagement and technology. The lean concept commenced with changes of the IT infrastructure: hardware changes, transition to an open source environment and cloud-hosting, and introduction of modern coding languages. Gradually, almost all IT applications were rewritten in languages compatible with an open source, cloud-based environment. The result, although not obvious from the beginning, was the change of the entire IT architecture.

The agile concept was also applied in company's management. The CEO introduced daily stand-ups and weekly meetings, where all division heads met to discuss daily objectives and problems. He created cross-functional teams and introduced working hour flexibility. The underlying capabilities of the company also changed. The 'agile' concept was applied holistically.

The CEO did not share his intention to transform the company with management as he believed that it would have jeopardised the goal of transforming the company. Management's perception was that the focus had been short-term, to implement small operating improvements in order to support the achievement of the founders' financial targets.

There was no formal strategy and delivering the financial targets was the main priority. The Board did not have a long-term plan. According to the COO, during 2010-12 it was business as usual. There was no deliberate strategy formation process. The misalignment of visions between the CEO and the Board was the main barrier to growth.

5.1.1.2.3 ***The period of 2012-13***

Following a failed company sale in early 2012 the CEO decided in the summer of 2012 that the company needed a strategy and five-year business plan. The decision to form a strategy was driven by:

- external factors:
    - Market conditions, i.e. a stale market in the offline segment
- internal factors:
    - Different objectives: Management realised that their objectives to continue to grow the company were different from shareholders' objectives to sell the company.
    - A new development phase: According to the CEO, the company entered a phase of "maturity", following a "discovery phase" when the company had learned and developed new skills. During the maturity phase the company came to know its strengths, focused on how to put them at work and to enhance them.
    - An impetus to align the strategy with future shareholders: The company needed a new strategy to be a catalyst for the future owners.

The strategy formation process assumed testing hypotheses on company's strengths and market. The combination of online marketing, underwriting capabilities, the technology platform, quality of operations, and customer focus made the company unique.

The strategy formation process took six weeks and comprised weekly meetings which culminated in a one-day offsite workshop.

Weekly meetings

The executive management, which comprised the CEO, the CTO, the COO, the CFO, the Head of Insurance and the Head of Contact Centres, met two times a week informally to discuss strategy topics for two months. The executive management also had a three-hour wrap-up session every two or three weeks. The CEO and CTO played a key role in those meetings.

The CTO used Richard Rumelt's book: "Good Strategy, Bad Strategy" and Eric Ries's book: "The lean startup" for guidance on how to organise a strategy formation process. Workshop participants were asked to read Rumelt's book prior to the start of the weekly meetings. Internal analyses and market studies were also used in the weekly meetings.

Management discussed the market, key competitors, company's key advantages and their sustainability, and answered key strategic questions, such as: "what we would like to do?", "should we approach product breadth or depth?", in the weekly meetings.

The topics for discussion were agreed by the executive team in a previous meeting. An executive manager was responsible for doing research on a topic, preparing a specific market scenario, and presenting it in a weekly meeting. The market scenario analysed how the company would behave in the simulated market conditions and was prepared mainly based on the intelligence of the responsible manager, who was supported by the insurance team. The analyses were shared and discussed with management.

The CEO chaired the weekly meetings while the CTO acted as a facilitator. The CTO prepared the meetings, ensured process continuity and fulfilled the role of a strategy

executive even if he did not have a formal title. Meetings were conducted using Rumelt's four-step PODA (Purpose, Objectives, Deliverables, Agenda) approach and run as Q&A sessions.

Brainstorming was the main technique used during the meetings. Participants wrote ideas on a white board and someone was taking notes. The CEO and CTO started the preparation process by raising questions, such as:

- What are our market conditions?
- What is our goal?
- What is our mission?

The CTO challenged participants to think of various 'what-if' scenarios. Often they were completely opposite scenarios in order to elicit out-of-the box ideas, e.g. "if markets were disruptive, how would the company behave?"; "how would the business be internationalised?". Decisions were made by consensus.

Example of a weekly meeting

When the company discussed market conditions a list of market characteristics was compiled and the team was asked to answer questions, such as: "is this a disruptive market?"; "do we see massive shifts of customers to online?"; "is the market growing exponentially?".

Management started the strategy formulation by acknowledging market's characteristics and company's market position:

- Market transformation and growth were different from what management expected.
- The overall offline market was stable and not expected to grow despite the fact that the online space and the company had been growing fast over the past few years.

Management concluded that the company's offline market was stale, despite the widespread misconception that the company was operating in a fast-growing market.

At the end of each meeting a document describing the main ideas discussed was issued. The document was amended to add new relevant information following each meeting and signed off by the CTO. An outcome document was structured in several chapters: market diagnosis, SWOT analysis, guiding principles and new markets.

A follow-up meeting was conducted if there were questions unanswered in a weekly meeting. A management member sought for answers internally. The weekly meetings prepared the strategy formation workshop and directed management's mindset to strategic thinking.

The offsite strategy formulation workshop

Management had a one-day workshop outside company's premises to conclude the strategy formulation. The participants in the workshop included the executive management and the next layer of managers. The workshop crystallised the conversations held in the weekly meetings. Management re-examined the initial questions and answers found in the preparation meetings as follows (Table 38):

Table 38: Questions and answers raised during the strategy workshop

Question	Answer
What are our market conditions?	• a flat market in the offline segment
What is our goal?	• to sell the company within five years
What is our mission?	• to revolutionise the industry in a static market • to be the best-in-class in e-commerce, not only in online insurance • to build customer focus • to be a leader of the online segment by using lean, startup techniques

At the launch of the strategy formulation the CTO intended to exclude financial targets from the strategic output, in line with Rumelt's recommendation. However, eventually the

strategic output included numerical targets. The outcome of the workshop resulted in the formulation of four strategic tenants:

- to adopt a customer centric approach
- to optimize existing products, introduce new products and generate 50% of revenue from new products
- to grow internationally
- to become best-in-class in e-commerce.

The outcome document was developed in a paper, which was presented and discussed with the BoD. At the end of the strategy formulation process the BoD confirmed the strategic options proposed and agreed by the executive management.

The CTO formulated a strategy for his team every year, even if this was not requested. “I had my own strategy for the team”, which included new products, fixing IT issues and others. This strategy was not discussed with the Board, but remained only at functional level.

5.1.1.2.4 ***The period of 2013-14***

The five-year strategy formulated by management was used in the successful sale of the company to an institutional investor and MBO in 2013. The new majority shareholder decided to revisit the company’s strategy in the summer of 2013 for two reasons:

- The new owner had its own return expectations and wanted to link them to company’s strategy and to ensure management is aligned to achieve those objectives
- Management below the C-suite felt disconnected with the existing strategy because its objectives did not have a direct link to their day-to-day activities.

In anticipation of a strategy formulation meeting each executive management member was responsible for the preparation of a business case, which illustrated the impact of the implementation of an initiative on company's growth. A business case was a two-page presentation including actions necessary to implement the business initiative and P&L

projections to demonstrate the initiative's impact on the business. The themes outlined in the output of the previous strategy formulation process were resumed. Examples of initiatives included internationalisation and digitalisation.

The offsite strategy formulation meeting

A one-day strategy formulation workshop was held outside company's offices. The participants in the workshop included the executive management and two non-executive directors who represented the majority shareholder in the BoD and were former management consultants.

The workshop was led by the CEO and facilitated by the two NEDs. The workshop was split into a morning and an afternoon session.

In the morning the consultancy firm which prepared the due diligence for the company's sale presented their findings. This was followed by the executive management's presentations of the business cases mentioned above. Following each business case presentation, management deliberated and decided which initiatives should be implemented. The presentations were a useful preparation of the afternoon's session on strategy formulation.

In the afternoon the actual strategy formulation discussion took place. The two NEDs introduced a strategic framework in the form of a pyramid to guide the strategy formulation. The pyramid emulated a similar tool used by Bain & Company.

Management brainstormed for five hours to generate the messages to populate the pyramid. The conversations were facilitated by the two NEDs, who collated management's ideas and articulated the framework messages.

The output of the previous strategy formulation process held in 2012 was used as a starting point. The previous strategic output was refined and articulated more explicitly, in an actionable and engaging way.

The pyramid framework included four layers and five underpinning core objectives to underpin the strategic vision as follows:

- a vision for the next five years
- core objectives:
    - to be the largest broker in the market, with at least 630,000 customers
    - to achieve market leading profitable growth with an EBITDA margin higher than 25%
    - to have the best customer advocacy, with an net promoter score of at least 30%
    - to be in the top ten best work environments
    - to have at least five profitable key accounts with more than £10 million gross written premiums each
- priority levers, including measureable operating metrics targets to support the core objectives
- core enablers, including actions needed to achieve the priority levers.

The strategy outcome focused on continuing the fast-growth and delivering minimum 20% annual revenue growth, EBITDA growth higher than revenue growth, and EBITDA margin above 25%. This was called efficient growth and focused on company's competencies and activities.

5.1.1.2.5 ***The period from 2014 to present***

The strategy formulated in 2013 was revisited in 2014 and, subsequently, on an annual basis. The revision process was led by the CEO, supported by the COO in 2014 and then the CFO in the subsequent year.

A simplified pyramid framework, less focused on measurable targets, was introduced in 2014. One of its action points was the building of a target operating model ("TOM") in 2015. This was a three-year plan that included objectives and specific actions in each functional area until 2017.

Management's long term goals encapsulated in the TOM represented a discussion base with the majority shareholder, whose focus on financial metrics constrained company's growth in management's view. TOM was a flexible instrument that supported management's drafting of a programme management structure (i.e. a new organisation structure), choosing projects, and running the budgeting process. It was a justification for the resources required to implement management's growth plan in the long term. A subset model was also built to translate TOM's targets into annual objectives. TOM overarched the budgeting process and provided guidance.

5.1.1.3 The role of strategy formation in achieving growth

According to an interviewee, the biggest benefit of the strategy formation process was to test management's key beliefs and to build team cohesion as executive managers had different tenures with the company (the COO has been with the company for a long time while the other managers were relatively new joiners). The 2012 process strengthen the team, but did not necessarily lead to a clearer strategy.

Management worked together to understand company's capabilities. A consistent benefit of the strategy formation process was to align management's interests to embrace the same vision and goals and work together to achieve them. The strategy formation process was a communication and discussion process.

The strategy process was dynamic, informal, and run based on management's best knowledge. It was run by the CEO, supported sequentially by the CTO, the two NEDs, the COO and the CFO.

Another benefit was that management used the strategic outputs to articulate an investment thesis to find a buyer for the company in 2013.

The strategy process was usually centred on a big issue that management wanted to address at a particular time, in line with company's development priorities, e.g. financial projections or a program management structure.

Management established ambitious growth targets and the strategy formation process was an enabler to constantly look for ways to exceed them. The company refined the strategic output annually, focused on objectives, lost sight of them, and revisited them during the strategy formation process of the following year. This revision process contributed to a constant search for new ways to achieve company's goals and drive growth. It also led to the adoption of technological enablers to support growth, such as the decision to change the IT infrastructure and processes.

Although the company's culture was not a specific outcome of the strategy formation process, preserving the ethos of a small company and remaining a dynamic and stimulating work environment despite company's increasing size was a constant preoccupation.

In the early years of the company's development, the maturation of the company led to the standardisation of internal processes, which sometimes was perceived as a constraint on the company's ability to innovate and grow.

5.1.2 Within - case analysis

5.1.2.1 Strategy mapping

In line with the research design, the first step of the analysis was strategy mapping. The strategy map of company A was filled out with the relevant data extracted from the case narrative. For each formation activity of the column ‘Strategy formation activities’, a corresponding PF stage was identified in the column ‘PF stages recognised in the company's process’ (see columns connected by arrows in Table 40).

During the first six months of the researched period only four PF stages were recognised. Additional PF stages were recognised after the first six months. Analysing the ‘PF stages recognised in the company's process’ column, four strategy formation processes were identified during the researched period based on the start and end stages of the PF and the sequence of the PF stages identified. Each process was called a ‘cycle’ and given a number.

The start and end of a strategy formation process were clearly marked in a new column called ‘Strategy formation cycles’. Another new column called ‘Cycle number’ was added to indicate the belonging to a cycle of each stage. The amended strategy map, which includes the two new columns, has been shown in Table 39 below:

Table 39: Amended strategy map template

Data from the case narrative								
Timeline	Key company events	Strategy formation activities	Strategy implementation activities	Strategy content related to the process	PF stages recognised in company's processes	Strategy formation cycle	Cycle number	Commentary

The above amended template is used for the analysis of the other companies in line with the principle of flexible design outlined in the previous chapter. The strategy map of company A was filled out following the amended template (Table 40).

Table 40: Strategy map of company A

Data extracted from the case narrative								
Timeline	**Key company events**	**Strategy formation activities**	**Strategy implementation activities**	**Strategy content related to the process**	**PF stages recognised in company's processes**	**Strategy formation cycles**	**Cycle number**	**Commentary**
2009		A strategy paper drafted by the founders preceded the new CEO's arrival						
May-10	The Board appoints the new CEO	The Board appoints the new CEO			Drivers	Start of formation process as per the PF stages	1	
May-Oct 2010	The CEO interviews senior managers, validates his assessment of the senior management by finding out who the informal key opinion leaders were and how critical they were to the company. The CEO interviews the majority of the employees	The CEO learns about the business and its markets from interviews with employees. The CEO meets and builds relationships with BoD members as a group and individually and thus learns further about the company			Collect internal information, external reports and intelligence		1 and 2	Learning from the analysis of current/past performance
May-Oct 2010		The CEO identifies themes relevant to company's development, operations and future areas of focus			Analyse information		1 and 2	
May-Oct 2010		The CEO establishes company's SWOT and identifies action priorities. The CEO identifies immediate problems in the business			Formulate and select the final option		1	CEO's event - response behaviour (or 'action-feedback' as per Mintzberg (1998), p. 189)
May-Oct 2010			55% of staff replaced in the first six months of CEO's office		Implementation		1	
May-ongoing			The CEO introduces weekly meetings and daily stand-ups of		Implementation		1	Enhanced intra-firm collaboration
May-Oct 2010			The CEO hires a CTO, a CFO, and a Head of Underwriting		Implementation	End of formation process as per PF stages	1	
Oct-10		The CEO decides to draft a strategy paper based on his findings from interviews in the first six months in the office; he consults senior management on the paper			Drivers and decision to form a strategy	Start of formation process as per PF stages	2	Some form of planning emerges
Oct-10		The CEO drafts a strategy paper based on his findings from interviews and the first six months in the office		CEO's strategy was to become a global leader in the online market segment	Formulate strategic options		2	Alternatives drafted by the CEO
Oct-10		The CEO tests his hypotheses with the senior management			Evaluate strategic options		2	
Dec-10	Founders' decision to sell the company	Founders/BoD reject CEO's strategy and impose their own strategy focused on short-term value maximisation, with the goal to exit the company		Founders' and BoD's strategy: maximise EBITDA and exit within a year	Select the final option		2	Conflict of strategies; BoD refutes CEO's strategy

Dec-10	The CEO searches for buyers following BoD's decision to sell		The CEO starts to implement both founders' and his own strategy		Implementation		2	Simultaneous implementation of multiple strategies
2011	The IT re-platforming of the company is initiated		The CTO starts to upgrade company's IT infrastructure		Implementation		2	Change of internal processes to reflect a 'lean' structure
2011			The new and old product platforms operate in parallel. Product renewal increases from 50% to 77% and costs are cut		Implementation	End of formation process as per PF stages	2	
Dec-11	Founders fail to reach an agreement with a buyer due to price gap							
Q1 2012	Failed sale of the company	Failed sale of the company			Drivers	Start of formation process as per PF stages	3	
Q3 2012	The CEO resumes the search for a buyer for the company to enable subsequent growth with a new owner and leads sell side DD	The CEO decides that a strategy and five-year business plan are needed. A new narrative for investors was needed, according to the CEO			Decide to form a strategy		3	
Q3 2012		The CEO appoints the CTO to coordinate strategy formation process			Prepare strategy formation		3	Evidence of planning elements
Q3 2012		The CTO acts as a strategy executive			Prepare strategy formation		3	
Q3 2012		He asks senior managers to read the book: "Good Strategy, Bad Strategy"			Prepare strategy formation		3	
Q3 2012		A senior manager collects information helped by his/her team in order to prepare a short paper ahead of each informal meeting			Collect internal information, external reports and intelligence		3	
Q3 2012		A senior manager prepares analyses and scenarios ahead of each meeting			Analyse information		3	
Q3 2012		Senior management meet weekly to brainstorm strategy scenarios			Formulate strategic options		3	Scenarios formulated incrementally, in multiple iterations; senior management's team collaboration is enhanced
Q3 2012		The CEO chairs strategy meetings			Formulate strategic options		3	
Q3 2012		The CTO facilitates strategy meetings			Formulate strategic options		3	Facilitator involved - internal
Q3 2012		The CTO uses the PODA framework to facilitate strategy meetings			Formulate strategic options		3	External framework used to guide strategy formation
Q3 2012		The CTO compiles an outcome following each meeting and signs it off			Formulate strategic options		3	Iterative, incremental in formation of options/scenarios
Q3 2012		A one-day workshop of senior managers and second tier managers takes place to discuss the outcome paper and strategic options		Strategy paper is drafted; strategy is underpinned by four strategic tenants	Evaluate strategic options		3	Planning type process to discuss and select the scenario to be followed
Q3 2012		The CEO and COO have the final say in selecting the strategic option (i.e. making a decision)			Internal negotiation or authorisation		3	

		A final strategy is decided, underpinned by four strategic tenants		Select the final option		3	
Q4 2012-Q2 2013				Implementation followed by revision/new strategy formation	End of formation process as per PF stages	3	
Aug-13	The MBO is successful; a new majority shareholder arrives	Successful sale of the company		Drivers	Start of formation process as per PF stages	4	
Q3 13		The majority shareholder decides to revisit the existing strategy		Decision to form a strategy		4	Planning
Q3 13		The majority shareholder appoints two ex-Bain consultants as NEDS to facilitate strategy formulation and the CEO to coordinate the process		Prepare strategy formation		4	Facilitators in strategic options formulations - external consultants appointed in the process
Q3 13		The CEO was appointed to coordinate strategy formulation		Prepare strategy formation		4	
Q3 13		Each senior manager collects data to prepare a mini-business plan		Collect information		4	
Q3 13		Each senior manager prepares a mini-business plan assessing the impact of a strategic initiative on the business		Analyse information		4	
Q3 13		Senior managers, NEDs and CEO participate in a one-day strategy offsite meeting		Formulate strategic options		4	Strategy formulation in one go: one day in an offsite meeting
Q3 13		Consultants (from Bain) present due diligence findings from the sale process to senior management		Formulate strategic options		4	To involve external consultants is a new thing
Q3 13		A NED (ex-Bain) facilitates the strategy meeting		Formulate strategic options		4	NEDs use a pyramid framework from Bain to
Q3 13		Each senior manager presents a mini-business plan showing the impact of a strategic initiative on the business		Formulate strategic options		4	
Q3 13		Senior managers, NEDs and CEO evaluate the mini business plans		Evaluate strategic options		4	
Q3 13		The CEO overviews strategy discussions of senior managers		Evaluate strategic options		4	
Q3 13		Senior management brainstorms and decides which initiatives should be followed		Negotiate and select the final option		4	Collaborative decision making to lead to scenario selection
Q3 13		Senior management. brainstorms and decides on strategy pyramid objectives	Formulated strategy is underpinned by five strategic tenants	Negotiate and select the final option		4	External framework used to articulate key pillars of strategy
Q3 2014		Strategy was revisited with the purpose of developing a Target Operating Model		Implementation followed by revision	End of formation process as per PF stages	4	

5.1.2.2 Strategy patterning

The next step of the research design is the completion of the PF and AM templates. Given the finding of four strategy formation processes (cycles), the templates were completed for each cycle.

According to the research design, all activities of the column 'Strategy formation activities' of the strategy map have been listed against the corresponding PF stages of the PF template. The column-head questions of the PF template have been answered for each stage of a cycle (see Tables 41, 43, 45 and 47).

The AM templates have been populated. The questions referring to the AM characteristics have been answered based on the information in the strategy map and the case narrative for each cycle. A value from the predetermined value ranges of the AM defined in Table 23 has been assigned to each characteristic (see Tables 42, 44, 46 and 48).

The analysis of the completed PF and AM templates has been described in the following section.

5.1.2.3 Within-case analysis findings

The stage structure and characteristics of each cycle have been analysed in this section. A cycle analysis comprises three parts:

- *Analysis of the stage structure* comments on the completed PF template of a cycle.
- *Cycle features* refer to cycle length and the presence of iterative stages in each cycle. Two additional cycle features (frequency and sequence) have been introduced based on the behaviour features of company A's cycles 2 and 4 (see ensuing sections). They are considered in the analyses of the other companies to reflect a flexible research design approach.
- *Analysis of characteristics* attributes a value to each AM characteristic and provides a related explanation.

Cycle 1

Table 41: PF template of company A – Cycle 1

		Cycle 1							
	a Stages of the Preliminary Framework ('PF')	*b* Timeline	*c* Description of activity	*d* Was the stage of the PF present?	*e* If yes at (d), was the action of the stage iterative?	*f* If yes at (e), how frequent was the action?	*g* If yes at (e), for how long was the action repeated?	*h* If yes at (d), who performed the action?	*i* If yes at (d), in what format/form was the action performed?
1	**Drivers**	May-10	Appointment of a new CEO	y	n			BoD	BoD meeting
2	**Decision to form a strategy**			n					
3	**Preparation of strategy formation**			n					
4	**Data collection**	May-Oct 2010	The CEO interviews most of the employees and learns about the company's business and market	y	y	Continuous	Six months	CEO	Meetings at company's offices (CEO's learning)
5	**Data analysis**	May-Oct 2010	The CEO identified themes relevant to company's development, operations and future areas of focus	y	y	Continuous	Six months	CEO	na
6	**Formulation of strategic options**	May-Oct 2010	The CEO identifies immediate areas of actions, such as breach of bank covenants	y	y	Continuous	Six months	CEO	na
7	**Evaluation of strategic options**			n					
8	**Internal negotiation/ authorisation**			n					
9	**Selection of the final option**	May-Oct 2010	The CEO decides what needs to be done following his learning	y	y	Continuous	Six months	CEO	CEO's event - response
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**	May-Oct 2010	Implementation of the immediate areas of action	y	y	Continuous	Six months	CEO	Action

Legend: 'y' means yes; 'n' means no. The legend applies to the PF templates of all the case companies.

Analysis of the stage structure (see Table 41):

- This cycle included the following PF stages: drivers, data collection, data analysis, formulation of strategic options, selection of the final option, and implementation.
- The driver of the cycle was the appointment of the new CEO; however, there was no conscious decision to form a strategy.

- The CEO interviewed company's employees and, thus, learned about the company's business and markets (data collection).
- Following his gradual learning the CEO identified themes relevant to company's development and business areas of immediate action (data analysis and formulation of strategic options).
- The CEO made decisions and acted upon the business priorities immediately (selection of the final option and implementation).
- The cycle emulated an emergent strategy formation process, given CEO's event-response pattern of actions or "action-feedback" (Mintzberg, 1998 p.189), which is specific to emergent processes as shown in the literature review (see 4.1.2).

Cycle features

- The cycle lasted from May until October 2010.
- All stages, except for drivers, were iterative and intertwined.
- This cycle took place only once.

Table 42: AM template of company A – Cycle 1

				Cycle	1
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	Specific, nuanced	The CEO had to respond to business priorities and challenges
2	Content	Integration	How tightly integrated should a good strategy be?	One strategy	There was only one strategy, and no distinction between corporate, business and functional strategies
3	Content	Novelty	How unique or novel should a good strategy be?	Unique	Strategy was created by one person (the CEO) as a result of a personalised process
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Realised patterns	There were no predefined activities
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Emergent	There was no control of the strategy formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Continuous change	Change was continuous given CEO's even-response pattern of actions
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Incremental	Change was incremental driven by CEO's learning
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Learning easily	CEO's learning
9	Process	Strategic choice	How much [strategic choice is out there]?	Reactive	Strategy was reactive, in response to internal factors - appointment of a new CEO
10	Process	Strategic thinking	How much strategic thinking do we want?	Acting-dominant	The CEO acted on business priorities
11	Process	Collective (central actors)	Who is the strategist?	He	The CEO was the main strategist
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by the transition to online brokering
13	Context	Company size	How big is the company?	Medium	Medium-sized according to the SME criteria

Analysis of characteristics (see Table 42):

- Complexity, integration and novelty: The content of the strategy formation process was specific and unique as the CEO had to respond to specific business priorities in his first six months in the post. There was only one strategy as a whole perspective and no distinction was made among corporate, business or functional strategies.
- Process and content control: There were no predefined activities and no control of the strategy process since the strategy was emergent.
- Change presence, pattern and source: The change in the organisation was

incremental and continuous. CEO's learning played a pivotal role and drove the pace of change.

- Strategic choice, strategic thinking and process collective: The strategy formation process was CEO-centric and acting-dominant in response to CEO's learning about the company. The CEO responded to the priorities about which he learned during his first months in office.
- Company environment and size: The company's environment was dynamic/complex, poised to disruption due to the shift to online. The company was medium-sized according to the SME criteria of this research.

Cycle 2

Table 43: PF template of company A – Cycle 2

	Cycle	2							
	a Stages of the Preliminary Framework ('PF')	b Timeline	c Description of activity	d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yes at (e), for how long was the action repeated?	h If yes at (d), who performed the action?	i If yes at (d), in what format/form was the action performed?
1	**Drivers**	May-Oct 2010	CEO's learning about the company's business and markets led to a conscious decision to form a strategy	y	n			CEO	na
2	**Decision to form a strategy**	Oct-10	The CEO decides to draft a strategy paper	y	n				CEO's decision
3	**Preparation of strategy formation**			n					
4	**Data collection**	May-Oct 2010	CEO's learning about the company's business and market (the same activity as in cycle 1)	y	y	Continuous	Six months	CEO	Meetings at company's offices (CEO's learning)
5	**Data analysis**	May-Oct 2010	The CEO identified themes relevant to company's development, operations and future areas of focus during interviews with employees (the same activity as in cycle 1)	y	y	Continuous	Six months	CEO	na
6	**Formulation of strategic options**	Oct-Dec 2010	The CEO drafts a strategy paper based on his findings from interviews and the first six months in the office	y	y	Continuous	Several weeks	CEO	A written document
7	**Evaluation of strategic options**	Oct-Dec 2010	The CEO tests his hypotheses with senior management	y	n			CEO, senior management	Meetings
8	**Internal negotiation/ authorisation**			n	n				
9	**Selection of the final option**	Dec-10	The BoD rejects CEO's proposed strategy paper. Founders impose their own objectives (i.e. strategy) focused on short-term value maximisation and selling the company within a year	y	n			BoD	BoD meeting
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**	2011-Q2 2012	CEO implements founders' and his own strategies	y	n				Action

Analysis of the stage structure (see Table 43):

- This cycle included the following PF stages: drivers, the decision to form a strategy, data collection, data analysis, formulation of strategic options, evaluation of strategic options, selection of the final option, and implementation.
- The decision to form a strategy was driven by CEO's learning about the company's

business and markets (the driver and decision to form a strategy).

- This helped the CEO to identify themes relevant to company's development and form his own vision of the company's long-term growth, which he tested with the executive management (data collection and analysis, formulation and evaluation of strategic options).
- The BoD disagreed with the CEO's proposed strategy and imposed their own short-term plan, aimed to sell the company within a year (selection of the final option). However, the CEO was able to implement both strategies simultaneously (implementation).
- CEO's learning about the company's business and markets, and the identification of the development themes served several purposes:
    - It allowed the CEO to learn about business priorities and form a view on growth themes relevant to company's development; this was associated with the data collection and analysis stages in both cycles 1 and 2.
    - It led to the decision to form a strategy and became the driver of cycle 2.
    - It formed the basis for CEO's drafting of a strategy paper in cycle 2.

Cycle features

- The strategy formation process lasted from October to December 2010.
- Data collection and analysis were iterative as they were intertwined and repeated for six months.
- Cycle 2 overlapped with cycle 1 during data collection and analysis, which fulfilled multiple purposes as stated above. This feature expressed the sequence of a cycle and was monitored in the future cycles of company A and the other case companies.
- This cycle took place only once.

Table 44: AM template of company A – Cycle 2

				Cycle	2
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	Mix	Strategy was not that specific and became more generalised than in cycle 1
2	Content	Integration	How tightly integrated should a good strategy be?	One strategy	There was only one strategy, and no distinction between corporate, business and functional strategies
3	Content	Novelty	How unique or novel should a good strategy be?	Unique	Strategy was created by one person (the CEO) as a result of a personalised process
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Mix	Strategy was neither a realised pattern nor an intended plan
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Mix	There was some control of the strategy formation process, but strategy was not purely deliberate
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Mix	Change continued but it was less continuous than in cycle 1 due to less learning
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Mix	Change was piecemeal driven by the conflict between CEO's and BoD's strategic goals
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	Learning continued but slowed down
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO decided to form a strategy
10	Process	Strategic thinking	How much strategic thinking do we want?	Mix	There was some thinking as the CEO wrote a strategy paper
11	Process	Collective (central actors)	Who is the strategist?	Them, but centred on him	The CEO remained the key actor, but others, such as senior managers and the BoD, were involved
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by the transition to online brokering
13	Context	Company size	How big is the company?	Medium	Medium-sized according to the SME criteria

Analysis of characteristics (see Table 44):

- Complexity, integration and novelty: The content formed during cycle 2 was less specific than that of cycle 1, but continued to be unique as it expressed the vision of the CEO and referred to one strategy only (there was no evidence of functional strategies).
- Process and content control: The formation process lied between emergent-unintended and deliberate-intended as there was some control and intention to start the process; however, the process was not fully deliberate and formalised.
- Change presence, pattern and source: Change was piecemeal given the conflict between CEO's and BoD's strategic objectives. CEO's learning and the findings

about the company continued to be a source of change; however, the pace of learning decreased.

- Strategic choice, strategic thinking and process collective: The process was proactive driven by the CEO's decision to form a strategy. It was not entirely thinking-dominant, as no predetermined structure of a process existed previously. The process was more structured than in cycle 1 given the higher number of PF stages present.
- The number of actors involved in the strategy formation process increased from the CEO in cycle 1 to the executive management and BoD in cycle 2, who participated in the strategic option evaluation and selection of the final option; the BoD challenged the CEO's strategy and imposed a different strategy.
- Company environment and size: The external environment continued to be a complex one given the transition to online brokering. The company remained medium-sized.

Cycle 3

Table 45: PF template of company A – Cycle 3

	Cycle	3							
	a Stages of the Preliminary Framework ('PF')	b Timeline	c Description of activity	d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yes at (e), for how long was the action repeated?	h If yes at (d), who performed the action?	i If yes at (d), in what format/form was the action performed?
1	**Drivers**	Q3 2012	Failed sale of the company and misalignment of objectives between shareholders and management	y	n			Founders	na
2	**Decision to form a strategy**	Q3 2012	The CEO decides that a strategy and a five-year business plan are needed.	y	n			CEO	na
3	**Preparation of strategy formation**	Q3 2012	The CEO appoints the CTO to coordinate the strategy formulation process. The CTO asks the senior managers to read the book "Good Strategy, Bad Strategy" as a preparation ahead of preparation meetings	y	n			CTO, Senior managers	Strategy book used; reading as preparation
4	**Data collection**	Q3 2012	A senior manager collects information helped by his/her team in order to prepare a short paper ahead of each informal preparation meeting	y	y	weekly	Six weeks	Senior management and his/her team	na
5	**Data analysis**	Q3 2012	A senior manager prepares analyses and scenarios ahead of each meeting	y	y	weekly	Six weeks	Senior management	Written document
6	**Formulation of strategic options**	Q3 2012	Senior managers meet every two weeks to brainstorm to formulate strategy scenarios; the CEO chairs and the CTO facilitates the meetings; the CTO uses the PODA framework from the book to facilitate the preparation meetings; the CTO drafts a note following each meeting and signs it off; a summary paper is put together at the end	y	y	fortnightly	Six weeks	Senior managers; the CEO and the CTO had a key role	Internal meetings at the company's offices
7	**Evaluation of strategic options**	Q3 2012	Senior managers and second tier managers discuss the strategy paper during a one-day workshop	y	n			Senior managers; the CEO and the CTO had a key role	Workshop outside the offices
8	**Internal negotiation/ authorisation**	Q3 2012	The CEO has the final say in selecting the strategic option (i.e. making a decision)	y	n			Senior managers, the CEO, and the CTO	Workshop outside the office
9	**Selection of the final option**	Q3 2012	A final strategy is decided, underpinned by four strategic tenants	y	n			Senior managers, the CEO had the final say	A written document
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**	Q4 2012-Q2 2013	Implementation of the strategy agreed - a next cycle is launched, no revision is done until the next cycle	y	n			CEO-led	Action

Analysis of the stage structure (see Table 45):

- The cycle included all the PF stages.
- The failed sale of the company in 2012 prompted the CEO to make a conscious decision to launch a strategy formation process to prepare the company for a future sale and align management's interests with those of a future owner (drivers).
- The preparation of the strategy formation stage was coordinated by the CTO, who acted as an ad hoc strategy executive. He mainly took guidance from Richard

Rumelt's book: "Good strategy, bad strategy" to run a strategy formation process.

- Executive managers met weekly and every two-three weeks in wrap-up sessions for almost two months; the meetings were run by the CTO and chaired by the CEO. During the meetings strategy analyses and scenarios were discussed and formulated (formulation of strategic options).
- Prior to a meeting, each executive managers, supported by his/her team, prepared analyses and scenarios (data collection and analysis).
- A one-day offsite meeting followed the weekly meetings. Strategy options were evaluated and negotiated by senior managers and the executive management (evaluation of strategic options and internal negotiation).
- The final strategic option was decided by consensus (selection of the final option).
- The cycle had a formalised output in the form of a written strategy paper issued at the end of the offsite meeting; the paper was used to revisit strategy in the following cycle.
- The participation in this cycle expanded and involved executive managers in the preparation of strategy formation and the option formulation stages.

Cycle features

- The length of cycle 3 shortened compared to the previous cycles to only a few months; this was an indication that strategy formation was maturing.
- Data collection, data analysis, and option formulation were iterative stages and took place weekly.
- The cycle took place once.

Table 46: AM template of company A – Cycle 3

				Cycle	3
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	General, simple	Strategy had a formalised output and followed a predefined process
2	Content	Integration	How tightly integrated should a good strategy be?	Portfolio of components	Functional strategies (e.g. IT strategy) were mentioned
3	Content	Novelty	How unique or novel should a good strategy be?	Generic, clearly defined	Strategy becomes clearly defined, with clear objectives
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Intended plans	Strategy was formed as a result of a conscious/intended decision and process
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Deliberate	There was control of the formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Rarely changing	There was less change than in the previous cycles
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Occasional	Change happened occasionally driven by the timing of the strategy process
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	Learning continued, but decreased; it was the senior managemen who learned about company's capabilities
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO decided to launch a strategy formation process to boo company's growth and align the goals of the future company owners with those of the management
10	Process	Strategic thinking	How much strategic thinking do we want?	Thinking-dominant	There was a clearly structured process dedicated to strategy formation
11	Process	Collective (central actors)	Who is the strategist?	Them	The CEO and CTO were involved as key actors, others (senior managers) also involved
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by the transition to online brokering
13	Context	Company size	How big is the company?	Medium	Medium-sized according to the SME criteria

Analysis of characteristics (see Table 46):

- Complexity, integration and novelty: Starting in cycle 3, the strategy formation process content was more general, though not necessarily simpler, as a full strategy paper was drafted at the end of the process. The strategy was defined and had clear objectives. The strategy represented a portfolio of components because there was a distinction between corporate/business and functional strategies (e.g. CTO's functional strategy).
- Process and content control: There was a deliberate approach to strategy formation and an intended content resulting from the meetings during the preparation phase.
- Change presence, pattern and source: Change took place occasionally following the timing of the strategy process. Learning continued to be a source of change;

however, it was the executive management who learned about the company's capabilities.

- Strategic choice, strategic thinking and process collective: Strategy formation was proactive as the CEO decided to launch a strategy formation process to boost company's growth and align the goals of the future company's owners with those of management. Strategy was thinking-dominant as a clearly structured process was dedicated to strategy formation. The CEO and the CTO were the key actors; however, executive managers were also involved in the strategy formation.
- Company environment and size: The environment remained dynamic/complex because even if the offline market was stable, the online market was changing fast, according to management. The company continued to be medium-sized.

Cycle 4

Table 47: PF template of company A – Cycle 4

	Cycle	4							
	a Stages of the Preliminary Framework ('PF')	b Timeline	c Description of activity	d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yes at (e), for how long was the action repeated?	h If yes at (d), who performed the action?	i If yes at (d), in what format/form was the action performed?
1	**Drivers**	Q3 2013	The sale of the company and arrival of a new majority shareholder	y	n			na	na
2	**Decision to form a strategy**	Q3 2013	The new majority shareholder decides to revisit the existing strategy in order to link its return goals to company's strategy	y	n			Majority shareholder	na
3	**Preparation of strategy formation**	Q3 2013	The majority owner appoints two ex-Bain consultants as NEDs to coordinate the strategy formulation and the CEO to coordinate the process	y	n			Majority shareholder	na
4	**Data collection**	Q3 2013	Each senior manager collects data to prepare a mini-business plan	y	y	Continuous	a few weeks	Senior managers	Short presentations
5	**Data analysis**	Q3 2013	Each senior manager prepares a mini business plan assessing the impact of a strategic initiative on the business	y	y	Continuous	a few weeks	Senior managers	Short presentations
6	**Formulation of strategic options**	Q3 2013	Each senior manager presents a mini-business plan showing the impact of a strategic initiative on the business in a one day workshop; the NEDs facilitate the conversation and introduce the objective pyramid	y	n			Senior managers; NEDs (former Bain); consultants (who presented the due diligence findings for the sale)	One-day offsite meeting
7	**Evaluation of strategic options**	Q3 2013	Senior managers, NEDs and the CEO evaluate the mini-business plans; the CEO overviews the strategy discussions with senior managers	y	n			Senior managers, NEDs, and the CEO	One-day offsite meeting
8	**Internal negotiation/ authorisation**	Q3 2013	Senior managers brainstorm to decide which initiatives should be followed/prioritise the mini business plans; the CEO chairs the meeting and ultimately decides	y	n			Senior managers, NEDs, and the CEO	Offsite outside company's offices; brainstorming activity
9	**Selection of the final option**	Q3 2013	Senior management agree the strategy pyramid objectives	y	n			Senior managers, NEDs, and the CEO	A written document
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**	Q4 2013-Q2 2014	Implementation of the strategy agreed ; no revision required until the next cycle	y	n			CEO-led	Action

Analysis of the stage structure (see Table 47):

- Cycle 4 included all the PF stages.
- During this cycle a strategy formation process was initiated following the sale of the company in 2013 (drivers).
- The new majority shareholders decided to form a strategy to ensure that the strategy is aligned with their financial return objectives and backed by management. To facilitate this goal, the owners appointed two NEDs to coordinate the strategy formation process (preparation of strategy formation).

- The strategy formation process included the data collection and analysis stages as executive managers collected information and prepared mini-business plans for the purpose of an offsite meeting.
- The actual strategy formulation took place in a one-day offsite meeting when strategy options were formulated, evaluated, and negotiated; and a final option was selected.
- The offsite meeting was facilitated by the two NEDs, with strategy consulting background, and followed a framework (i.e. a pyramid) with a predetermined structure.
- The four-layer pyramid was filled in top-down, starting with a vision for the next four years, followed by core objectives, priority levers and core enablers. Each layer was discussed and agreed by management, and translated into qualitative targets. Measurable targets focused on achieving financial performance criteria were defined.
- One of the action points of the strategy outcome of cycle 4 was the articulation of a target operating model ("TOM"), which was the focus of the strategy revision process in the following year. TOM provided a three-year development plan in line with the majority shareholders' financial ambitions and allowed management to implement long-term growth actions beyond the majority shareholders' medium-term investment horizon. This reminded of a similar situation in cycle 2 when the CEO accommodated the shareholders' short-term objectives whilst implementing their own long-term growth strategy.

Cycle features

- Cycle 4 lasted three months and was recurring. According to interviewees, strategy was revisited in the same structure as that of cycle 4 in the subsequent years. This indicated a stabilisation of the structure of the strategy formation process in cycle 4.
- The data collection and analysis stages were iterative as they took place continuously for a few weeks.

Unlike in the previous cycles, when a strategy formation process took place once, the strategy formation process of cycle 4 was repeated annually. Two definitions were introduced to account for the distinction:

- A cycle which took place repeatedly was called a ‘recurring cycle’.
- A cycle which took place once was called a ‘one-off cycle’.

Table 48: AM template of company A – Cycle 4

				Cycle	4
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	General, simple	Strategy had a formalised output and followed a predefined process
2	Content	Integration	How tightly integrated should a good strategy be?	Portfolio of components	Strategy followed an imposed four-layer framework (taken from Bain) with ramifications at all organisational levels
3	Content	Novelty	How unique or novel should a good strategy be?	Generic, clearly defined	Strategy becomes clearly defined, with a vision, core objectives, priority levers and core enablers
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Intended plans	Strategy was formed as a result of a conscious/intended decision and process
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Deliberate	There was control of the formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Rarely changing	There was less change than in the previous cycles
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Occasional	Change happened occasionally driven by the timing of the strategy process
8	Process	Source of change	Where do new strategies come from?”, in the sense of what is the source of learning and how much do organisations learn?	Mix	Learning continued, but slowed down
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The new owners decided to launch a strategy formation process to ensure that their objectives are aligned with management's ones
10	Process	Strategic thinking	How much strategic thinking do we want?	Thinking-dominant	There was a clearly structured process dedicated to strategy formation
11	Process	Collective (central actors)	Who is the strategist?	Them	Multiple actors were involved in the process: the CEO, senior managers, and the two NEDs
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by the transition to online brokering
13	Context	Company size	How big is the company?	Medium	Medium-sized according to the SME criteria

Characteristics of the formation process (see Table 48):

- Complexity, integration and novelty: Cycle 4 emulated the structure of an entirely planned process following a clearly defined order and set of activities. Strategy was general and comprised a four-layer framework brought by the two NEDs, which had ramifications at all organisational levels.

- Process and content control: The process was deliberate and clearly intended as it followed a process structure and framework.
- Change presence, pattern and source: The change continued to be occasional and less frequent than in the early cycles, following the timing of the implementation of the approved strategy. The learning component took a less prevalent stage than in the previous cycles, being reduced to the scenarios/plans prepared by each executive manager and discussed during an offsite meeting.
- Strategic choice, strategic thinking and process collective: The process was thinking-dominant (i.e. focused on the process) and proactive as the new shareholder decided to revisit the incumbent strategy to ensure alignment between shareholders' and management's objectives, and achievement of the financial targets. The participation was extended from the executive team and senior managers to BoD members (the NEDs). Although the process was still led by the CEO, NEDs' direct involvement in strategy formulation indicated that the Board played an active role in strategy formation.
- Company environment and size: The environment remained dynamic/complex. The company continued to be medium-sized.

5.1.2.4 Enablers and barriers

The following enablers and barriers related to strategy formation processes were identified:

Enablers

- The strategy formation process enabled the executive management to know one another better and foster a team spirit
- It led to increased cohesion and alignment among executive managers, and between management and shareholders.
- The process enabled the engagement of the lower management tiers and, ultimately, the whole company with the formulated strategy.
- It also led to the executive management's better understanding of the company's capabilities.
- The process was a catalyst for company's growth as each strategy formation cycle

forced management to look for new ways of achieving growth and to set up ambitious growth targets.

- Management became more experienced in running a strategy process with each iteration.
- The process preserved the company's culture of a 'small company' and created an attractive work environment.
- An interviewee noticed that the following enablers could become barriers to strategy formation if they were not achieved:
    - clarity and consistency in formulating a strategy
    - ability to formulate an actionable strategy to enable management to make decisions on the back of it.

Barriers

- Sometimes the strategy formation process revealed a misalignment of objectives and differences of growth visions between shareholders and management, which could have become an obstacle to company's growth. This misalignment was, however, addressed during strategy implementation (cycle 2).
- In the early days of the company's development the increase in the standardisation of internal processes was sometimes felt as a strain on company's ability to innovate.

5.1.3 Conclusion

The within-case analysis findings showed that during the researched period the strategy formation process of company A was dynamic and changed over time. Strategy formation comprised four processes ('cycles'). The literature-derived strategy map template was amended by adding two columns to reflect the finding of cycles.

Each cycle was driven by different factors, and had a distinct stage structure and different characteristics. Cycles 1 and 2 had fewer PF stages whilst cycles 3 and 4 reached the complete PF structure of ten stages. Initially, strategy formation was emergent, driven by

the CEO's response to company's priorities. It was also CEO-centric and focused on CEO's learning about company's business and markets.

In cycles 3 and 4 processes became more structured and planned, but remained CEO-centric, representing the result of CEO's learning about the company. Learning played an important role as it underpinned the launch of cycle 2 and was the connection between cycles 1 and 2. Cycles 1 and 2 overlapped during the data collection and analysis stages. Cycle sequence was introduced as a cycle feature and was tracked for all cycles of company A and the other case companies.

The transition from cycle 2 to cycle 3 was driven by the shareholders' decision to sell the company. Consequently, a preparation of the company for the sale was required. This prompted the CEO's decision to launch cycle 3. Cycle 3 increased in formalisation and became a fully planned process, including all the PF stages and the participation of the executive team. The actual strategy formulation was a dedicated offsite meeting preceded by regular preparation meetings. A structured written output resulted from the strategy formulation meeting.

Cycle 4 was driven by the new shareholders' decision to revisit the strategy and ensure that management's and shareholders' objectives were aligned. Cycle 4 reflected the structure of cycle 3 with minor changes, such as external consultants' involvement in the process. However, the strategy formation process stabilised with the occurrence of cycle 3, which was subsequently repeated annually.

Cycles 1, 2 and 3 took place only once (one-off cycles) whilst cycle 4 was repeated regularly (recurring cycle). Cycle recurrence was introduced as a new feature and tracked in the within-case analyses of the cycle features of the other case companies.

A number of enablers and barriers related to strategy formation processes were identified. The strategy formation process increased the cohesion and alignment of executive managers, and acceptance by the whole company of the agreed strategy. It also stimulated management to find new ways to achieve growth.

5.2 Company B

5.2.1 Case study narrative

5.2.1.1 About the company

The company is a producer of specialist accountancy software, based in Datchet. Company B is one of the UK's market leading providers of business critical software and services to the accountancy and payroll sectors. In 2001 the company's market was dominated by Sage, the largest competitor and market leader. Gradually, company B developed and gained market share through organic growth and acquisitions.

Key company milestones:

- 1978: The company was set up and run by the founder until 2001.
- 2000: A private equity fund acquired the company.
- 2001: A new CEO (ML) was hired to replace the founder.
- 2001: A small acquisition was completed.
- 2001-2004: The company continued to grow and reached 200 employees by 2004.
- 2004: An MBO was conducted with funding from a new private equity fund.
- 2005-07: A few acquisitions were conducted.

5.2.1.2 The strategy formation process

The period during which the company met the criteria of a high-growth SME and considered for the purpose of this research was 2001-05, as shown in Table 49.

Table 49: Revenue and headcount

EOY April	**2000**	**2001**	**2002**	**2003**	**2004**	**2005***	**2000-05 CAGR**	**Test CAGR**
Revenue (£ million)	7.8	9.3	11.4	13.4	16.0	22.7	24%	15%
Headcount (FTEs)	81	96	103	127	145	199	20%	20%

Source: Companies House; 2005 financials exclude an acquisition made in 2005.*

Several periods of the company's business and strategy development resulted from the interviews with management as follows:

- Prior to 2000: The company was run as a life-style business. There was no documented strategy.
- 2000-01: An emergent strategy process started.
- 2001-02: The company launched an intended strategy formation process.
- 2002-04: A structured strategy formation process was established.
- Post 2005: The company continued to grow and followed the same strategy process structure.

5.2.1.2.1 ***The period prior to 2000***

The company was set up in 1978 and run by the founder until 2001. It gradually expanded and employed 100 people by 2000. During this period there was no strategy in a documented form. The founder ran the company as a life-style business.

5.2.1.2.2 ***The period of 2000-01***

In October 2000 the founder sold the company. A new CEO (ML) was hired in May 2001. Immediately after he joined the company, he started to learn about the company's business and markets, and to identify business priorities. He did his own research and gathered information from multiple internal and external sources.

The first thing ML did was to interview all employees (around 100 people at that time). He spent an hour with each employee and asked everyone the same question: "what would be the one thing you would change in the company if you were the CEO for a day?"

In parallel, he met competitors to find out what worked for them, how they sell their products and allocate resources. He also met clients, potential employees and advisory boutiques which knew the market. ML attended exhibitions and industry events, and read market reports and journals.

As his learning progressed, ML decided to make a few changes to address some of the business priorities:

- He decided to reposition the company as a specialist service provider versus a generalist service provider, as it was Sage. The company's message to the market was a "specialist software company made by accountants for accountants".
- The go-to-market approach was changed from re-sellers to direct sales. Unlike Sage which was using re-sellers, ML decided to keep the company's sales force as controlling distribution and liaising with customers directly helped the company to consolidate its specialist software market repositioning. A report issued by the Institute of Accountants was particularly useful as a marketing tool and evidenced the effectiveness of the repositioning decision as the company's software was ranked the best in the market.
- ML decided to change the pricing model to a subscription model. The company's revised pricing model comprised a lower upfront payment followed by higher subscription payments and free upgrades.
- The CEO also decided to change the company's name to the name of the main product, which had a stronger recognition in the market.

5.2.1.2.3 ***The period of 2001-02***

The CEO decided to form a strategy following his learning about the company's business and markets. The strategy formation process was the CEO's brain-child. He reserved an hour weekly during his first six months at work to reflect on the findings of his interviews with employees and knowledge accumulated on the company's business, and to think of the company's strategy.

The CEO had a good sales director and sales team, hence he did not have to spend much time on sales efforts as other CEOs. Instead he tried to build capacity in his diary to allow him time to think of strategy, gain in-depth market and company intelligence, and build on those lessons. Once he formulated a strategy idea, he tested it with the executive management and presented it to the BoD.

The CEO had a few 'brainstorming circles' to refine and test his strategy ideas and received feedback from various groups:

- The executive management, which comprised, besides the CEO: the CFO, the Marketing Director, the Operations Director, the HR Director and the IT Director. The executive team was the first and main point of contact.
- The senior management, which accounted for circa 50 people and included the executive management and their direct subordinates.
- The group of future leaders, which comprised internal junior talents who reported directly to the CEO on specific projects. The employees of this group were selected by a committee chaired by the CEO and including two HR persons. Initially, the group was formed of eight people, then it grew to 16 and 32 people. By working with the future leaders, the CEO had access to the bottom layers of the organisation, received direct feedback, and eliminated the bias and filters of the upper management levels. The group of the future leaders was mostly an avenue for strategy implementation feedback.

The Board was presented with the strategy for formal sign-off. The Board of Directors included, besides the CEO, the CFO, the founder and a non-executive Chairman.

The CEO set four ambitious targets for the company:

- to become a market leader and overtake the largest competitor by number of customers in the segment of accountancy software
- to be recognised as the best product in the market
- to reach a £100 million company valuation
- to be recognised as one of the best work places.

5.2.1.2.4 ***The period of 2002-04***

The company continued to expand and doubled the number of employees to 200 by 2004. The strategy formulated following the CEO's first six months in office was not changed for three years until 2004, but was revised semi-annually.

Strategy was prepared and formed in multiple forums within the company, including: weekly, semi-annually, annually, one-to-one and ad hoc meetings, and BoD meetings. The main forum for strategy formation were the semi-annual offsite meetings.

Weekly meetings

The executive team met every Monday morning to review the weekly financial results and discuss issues relevant to that week. A meeting usually lasted 1.5 hours. Meetings had an operational focus, but strategy and financial performance topics were also discussed. The conversations formed the basis of the agenda for the semi-annual offsite meetings.

The executive managers prepared presentations on specific initiatives in advance of the offsite meetings. Each executive prepared a presentation, including the assumptions and financial impact of that initiative on the company.

Semi-annual offsite meetings

Every six months, usually in March and November, an offsite meeting of the executive team was held. A meeting lasted a day and the strategy was discussed, revised or changed.

In advance of an offsite meeting (called 'a planning meeting' by one of the interviewees), an agenda was drafted by the CEO and sent for contributions to the executive team.

Sometimes senior managers responsible for an agenda topic were invited to offsite meetings, e.g. the head of acquisitions or managers of the acquired businesses.

The executive team discussed and brainstormed on critical areas, and set objectives. Examples of topics discussed included technology; market changes; restructuring; acquisitions; acquisition integrations; and how to integrate technology, cross-sell and share sales channels. The papers on initiatives prepared in advance by executive managers were presented by the respective executive managers and discussed with the wider team. The CFO usually challenged the financial assumptions.

It was a "tight executive team", as an interviewee noticed, and there was a lot of consultation among executive managers. The CEO moderated the conversations and was the ultimate decision maker. Occasionally consultants were used as facilitators during offsite meetings.

The CEO's secretary took notes during each offsite meeting. Following each meeting, the CEO went through the notes, distilled the ideas and articulated an output, which was circulated to the executive management for comments and final agreement.

The executive management reviewed the strategic output in a follow-up meeting or during a weekly meeting. A follow-up meeting lasted up to four hours and took place a few days following an offsite meeting.

The strategic output comprised:

- a document outlining a three-year plan, including:
    - a three-year financial model, with sensitivities of key inputs, prepared by the CEO and shared with the executive team and key managers
    - high level objectives, which answered questions such as: who should do what and by when
    - aspirations, such as the future company structure; activities to achieve; technology to use; changes in the external environment; and how the changes would impact the company
    - an exit route for shareholders
- a summary presentation, which was subsequently distributed to the BoD

- a summary presentation for the staff, which was distributed through senior managers to all employees and presented at annual meetings.

Although a three-year plan model existed before the CEO joined the firm, it did not allow him to sensitise key inputs and generate an output in line with input changes. The new three-year model allowed the CEO to assess how company's financial projections would change in response to changes of critical inputs. The CEO updated the three-year plan every six months, which was a guideline for a detailed annual budget prepared by the CFO.

Additionally, the CEO kept three lists:
- Things they (i.e. management) had to do.
- Things they would like to do.
- Things that were interesting, but they did not have to do.

The CEO communicated the priorities on the first list to the BoD and updated the lists every six months. The BoD was not involved in the offsite meetings, but was presented with a summary output semi-annually.

5.2.1.2.5 ***The period of 2004-05***

In July 2004 an MBO was conducted with funding from a private equity house, which acquired a majority stake in company B and became the majority shareholder. Changes in the executive team followed; several management members retired and new executives were recruited to lead the next growth phase.

The arrival of the new majority shareholder triggered a revision of strategy. The process mainly followed the structure of the previous process, but was more interactive; the Board was actively involved in strategy formation as follows:

- The majority shareholder became actively involved in strategy formation through its Board representatives. By contrast, the BoD was not involved in strategy formation during 2001-04 as the majority shareholder at that time decided to take a passive role

in strategy formation. The participation in offsite strategy formulation meetings was extended to BoD representatives, who were occasionally invited.

- The BoD was presented summary notes and presentations following each offsite strategy meeting. Furthermore, the CEO had monthly meetings with the BoD; executive managers were sometimes invited to the meetings and asked to report on their areas of responsibilities.

Other strategy formation avenues

Annual meetings with all employees

An annual meeting with all employees was held to share the strategy agreed by the executive management and to receive bottom-up feedback from employees.

The first annual meeting was held in May 2002. The meeting started in the evening followed by a full offsite day. The CEO invited all employees to this strategy kick-off meeting where he brought a futurologist. Employees were split in groups and asked to think of potential changes in the company's market and economy over the next ten years and how those changes would impact the company's business. Some of the ideas emerging from the annual meeting were implemented.

Functional strategy formation avenues

There were additional formal and informal forums to discuss functional strategies such as one-to-one meetings with the CEO.

When an executive manager had an idea regarding a major change in his/her line of business, he/she drafted a proposal, presented it to the CEO and discussed it with the executive management subsequently. The CEO had the final decision on such initiatives following consultations with the executive management.

Those specific initiatives related to functional strategies were elevated bottom-up across the organisation and discussed with the CEO and executive management.

Example of a functional strategy initiative

According to the Marketing Director, a milestone in the company's development was the change of the sales process structure. The introduction of tele-sales (over the phone) was "a strategic shift" and led to a more cost-effective way of conducting sales. The change to tele-sales took place gradually.

The Marketing Director had a one-to-one conversation with the CEO regarding the adoption of tele-sales. ML asked him to write a proposal, which was then reviewed by the Marketing Director and the CEO and was subject to minor changes. The paper was then discussed and refined with the executive management.

Following the approval of the paper there was a trial period for the tele-sales route; gradually the tele-sales force was expanded to a pilot of 80 agents and then to all field sales agents by 2007.

Separately from the company's strategy process, the sales team had its own meeting (conference) annually to discuss the sales planning process. Sales targets and results of the previous year were discussed and the best salesmen were rewarded. The meeting was also a team building exercise.

Another strategic initiative was the transition to digital and electronic marketing from traditional marketing methods.

5.2.1.2.6 ***The period after 2005***

During 2005-07 the strategy formation process followed the growth of the company. It continued to be led and executed by the CEO, signed off by the BoD and tested with the executive management. External consultants provided input on strategy in 2006. This was a limited scope strategy input, commissioned with the occasion of a refinancing.

The CEO changed the company's structure from functional to business unit to enable expansion into additional markets. Four business units were set up: SMEs and payroll, the accountancy profession, the legal profession, and the profit sector.

Directors were replaced with managing directors ("MDs") and more MDs were added once a large acquisition took place in 2007. ML became executive chairman. Eventually, the structure included five MDs, an Engineering and a Finance Director. Information Technology was re-assigned to report to the Finance Director.

Another buyout, with funding from a private equity, took place simultaneously with the merger with a computer software group. The merger doubled the size of the company from 400 to 800 employees.

5.2.1.3 The role of strategy formation in achieving growth

The CEO believed that four things were needed to achieve high-growth performance:

- To be outrageously ambitious: This was reflected in the articulation of aggressive growth targets.
- To attract talented employees: The way to attract talent, as a small company which couldn't afford to pay competitive salaries, was to give shares to each employee. ML insisted on this principle and convinced the Board to approve it.
- To have access to partnerships: Small companies needed to partner, usually with large businesses, to help them grow and foster a growth ecosystem.
- To have access to capital: A company needed to have access to capital to fund its growth although the CEO admitted that this was not a critical point that would deter a company's growth. The other three factors were more critical to achieving growth.

5.2.2 Within - case analysis

5.2.2.1 Strategy mapping

The amended strategy map template derived from the analysis of company A was used in the analysis of company B. The map was populated with company B's milestones and strategy formation activities extracted from the case narrative (Table 50).

The column 'Strategy formation activities' was compared to the "PF stages recognised in company's processes" column. It became visible that during 2001-05 strategy formation comprised four processes (cycles) as follows (see Table 50):

Table 50: Strategy map of company B

Data extracted from the case narrative								
Timeline	**Key company events**	**Strategy formation activities**	**Strategy implementation activities**	**Strategy content related to the process**	**PF stages recognised in company's processes**	**Strategy formation cycles**	**Cycle number**	**Commentary**
2001				A three-year plan existed before the CEO joined, but it was not a practical tool				
May-01	The founder sells the company to a private equity fund							
May-01	The new majority shareholder appoints a Chairman and two NEDs. The BoD searches for a new CEO and hires ML	The Board appoints ML as the new CEO			Drivers	Start of formation process as per the PF stages	1	Start of high growth period
May-Oct 2001		The CEO interviews all employees in the first six months of his office. The CEO meets competitors, customers, prospective employees, M&A boutiques. The CEO attends exhibitions and reads market research			Collect internal information, external reports and intelligence		1&2	CEO's strategic learning
May-Oct 2001		The CEO reserves an hour weekly to reflect on findings and think of strategy objectives			Analyse collected information		1&2	Learning from the analysis of current/past performance
May-Oct 2001		The CEO identifies immediate priorities			Formulate strategic options			
May-Oct 2001		The CEO makes immediate changes following interviews: change of the company's name, pricing model, sales channel approach, and market positioning			Select the final option			Event-response type of strategy, i.e. emerging strategy intertwined with implementation; Event - response type of behaviour
May-Oct 2001		The CEO implements the immediate areas of action			Implementation	End of formation process as per PF stages	1	
Oct-01		CEO's learning about the company's business and markets leads to his conscious decision to form a strategy			Drivers	Start of formation process as per PF stages	2	
Oct-01		The CEO decides to formulate a strategy			Decide to form a strategy		2	
Oct-01		The CEO formulates strategy hypotheses			Formulate strategic options		2	Incipient form of planning emerges and strategy
Oct-01		The CEO drafts strategy paper based on his findings from interviews during his first six months in the office	The CEO builds a budget based on the CEO's three-year projections	CEO's strategy paper includes four goals and a three-year financial model; strategy is not supposed to be changed for the next three years	Formulate strategic options		2	
Oct-01		The CEO tests his strategic hypotheses with: executive management, senior managers, and the 'Future leaders' group			Evaluate strategic options		2	

Oct-01		The BoD formally signs off the CEO's strategy		The CEO sets four ambitious targets: • to become a market leader and overtake the largest competitor by number of customers in the segment of accountancy software; • to be recognised as the best product in the market ; • to reach a £100 million company valuation; • to be recognised as one of	Select the final option		2	
Dec-01	Acquisition of a small company to add a new product line		The CEO decides to acquire a small company to add a new product, which comes as a feedback from his interviews with customers		Implementation		2	
			The 'Future leaders' group provides direct bottom-up feedback to the CEO on strategy implementation and other business issues		Implement/revise	End of formation process as per PF stages	2	
Mar-02	The company continues its expansion and reaches 200 employees by 2004	CEO's conscious decision to form a strategy to grow the company			Drivers	Start of formation process as per PF stages	3	
Mar-02		The CEO decides to review the strategy.			Decide to form a strategy		3	
Mar-02		The CEO circulates an agenda to executive managers prior to an offsite meeting whilst executive managers add to agenda and send it back to the CEO			Prepare strategy formation		3	More planning involved and deliberate approach to the strategy process; strategy formation involves a wider group of executive management
Mar-02		Some strategic ideas are discussed briefly in the weekly meetings of the executive management team			Prepare strategy formation			
Mar-02		The CEO leads the strategy formulation meeting; the CFO coordinates the offsite meeting and strategy review process			Prepare strategy formation		3	
Mar-02		Management executives collect data if they have to prepare a presentation on a specific initiative			Collect data		3	
Mar-02		An executive manager prepares a presentation on a specific aspect of his/her business unit			Analyse data		3	
Mar-02		Executive management discusses critical areas, such as: technology, market changes, acquisitions. Occasionally senior managers are invited to participate if they are relevant to the topics discussed		Strategic initiatives are discussed by the executive management and include responsible persons, implementation timeline, and expected output. Several KPIs are set.	Formulate strategic options			
Mar-02		Executive management brainstorms on critical areas. The CEO's PA takes meeting notes			Evaluate strategic options		3	

Mar-02		The CEO holds the ultimate decision making power in the meeting; the CFO also has a strong say in decisions on strategy		Internal negotiation/authorisation		3	
Mar-02		Following an offsite meeting, the CEO goes through the meeting notes, distils the ideas discussed, and sends a summary to executive managers. They all meet to review and agree the final output a few days later.	The output includes the updated financial model, aspirations, hypotheses and activities, an exit route, and a summary for the BoD	Select the final option		3	There is consultation of the final output, this ensures alignment among executives. There is a final written output of the strategy process
Mar-02			The CFO uses the three-year financial model as a starting point to develop a budget annually	Implement/revise		3	
May-02	Company kick-off meeting with all employees, set up by the CEO	During a company kick-off meeting strategy is communicated to all employees		Implementation followed by strategy revision/new strategy formation process	End of formation process as per PF stages	3	Top-down implementation of strategy, but also bottom-up contribution of all employees to feed to future strategy
		Semi- annually there is a one-day offsite meeting, with the CEO and executive managers, to update/amend/change the three-year strategy		Implementation followed by strategy revision/new strategy formation process	Process repeated in the same structure to revise the strategy		
2003	The CEO hires a marketing director and a CIO in 2003						
Jul-04	An MBO is completed with the support of a new private equity, which becomes majority shareholder	Change of ownership and arrival of a new majority shareholder		Drivers	Start of formation process as per PF stages	4	
Nov-04	Part of the executive team is changed following the MBO	The majority shareholder becomes much more active in strategy formation than the previous company owner		Decide to form a strategy		4	
Nov-04		BoD representatives of the majority shareholder attend offsite meetings and get involved in strategy formulation		Prepare strategy formation, data collection, data analysis, formulation and evaluation of strategic option, selection of the final option		4	
Nov-04		The outcome of the six-month strategy formation process is signed off by the BoD		Select the final option	End of formation process as per PF stages	4	
Mar-05		The cycle was revised every six months. Offsite meetings of the CEO and executive managers to update/amend/change the three-year strategy continued semi-annually		Implementation followed by strategy revision/new strategy formation process			End of high growth period

5.2.2.2 Strategy patterning

The strategy formation activities of company B were transferred from the strategy map to the PF template by cycle (Tables 51, 53, 55 and 57). The questions at the top of the PF template were answered for each activity.

The information from the strategy map was also transferred to the AM template by cycle. Values were attributed to each characteristics of a strategy formation process by cycle (Tables 52, 54, 56 and 58).

5.2.2.3 Within-case analysis findings

The findings on the structure and characteristics of the strategy formation processes of company B have been presented below:

Cycle 1

Table 51: PF template of company B – Cycle 1

		Cycle	1						
	a	b	c	d	e	f	g	h	i
	Stages of the Preliminary Framework ('PF')	Timeline	Description of activity	Was the stage of the PF present?	If yes at (d), was the action of the stage iterative?	If yes at (e), how frequent was the action?	If yes at (e), for how long was the action repeated?	If yes at (d), who performed the action?	If yes at (d), in what format/form was the action performed?
1	**Drivers**	May-01	Appointment of a new CEO	y	n			BoD	BoD meeting
2	**Decision to form a strategy**			n					
3	**Preparation of strategy formation**			n					
4	**Data collection**	May-Oct 2001	The CEO interviews all employees in the first six months of his office. The CEO meets competitors, customers, prospective employees, M&A boutiques. CEO attends exhibitions and reads market research	y	y	Continuous	Six months	CEO	Meetings
5	**Data analysis**	May-Oct 2001	The CEO takes weekly time to reflect on interviews and his learning about the company and markets	y	y	One hour/weekly	Six months	CEO	Self appointment
6	**Formulation of strategic options**	May-Oct 2001	The CEO identifies immediate priorities	y	y	Continuous	Six months	CEO	na
7	**Evaluation of strategic options**			n					
8	**Internal negotiation/ authorisation**			n					
9	**Selection of the final option**	May-Oct 2001	The CEO decides what needs to be done	y	y	Continuous	Six months	CEO	CEO's event - response
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**	May-Oct 2001	Implementation of the immediate areas of action. The CEO makes immediate changes following interviews: change of the company's name, pricing model, sales channel approach, positioning	y	y	Continuous	Six months	CEO	Action

Analysis of the stage structure (see Table 51):

- This cycle emulated an emergent strategy formation process following an event-response pattern of actions and included the following PF stages: drivers, data collection, data analysis, formulation of strategic options, selection of the final option, and implementation/revision.
- In cycle 1 a new CEO joined the company and embarked on an intensive learning curve about the company's business and markets (drivers).
- He collected information from interviews with all employees; meetings with customers, competitors, potential employees and advisors; exhibitions; and

industry reports. He took time to reflect on his lessons weekly (data collection and analysis).

- He made strategic decisions and changes which were implemented immediately in response to business priorities during his first months in office (formulation of strategic options, selection of the final option, and implementation).

Cycle features

- The stages of data collection, data analysis, formulation of strategic options, selection of the final option, and implementation/revision were intertwined and iterative.
- The cycle lasted six months and was one-off.

Table 52: AM template of company B – Cycle 1

				Cycle	1
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	Specific, nuanced	The CEO made immediate changes to respond to the business priorities found in the company during his first six months in the office
2	Content	Integration	How tightly integrated should a good strategy be?	One strategy	There was only one strategy, and no distinction between corporate, business and functional strategies
3	Content	Novelty	How unique or novel should a good strategy be?	Unique	Strategy was created by one person (the CEO) as a result of a personalised process
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Realised patterns	There were no predefined activities
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Emergent	There was no control of the strategy formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Continuous change	Change was continuous given CEO's even-response pattern of actions
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Incremental	Change was incremental driven by CEO's learning
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Learning easily	CEO's learning
9	Process	Strategic choice	How much [strategic choice is out there]?	Reactive	Strategy was reactive, in response to internal factors - appointment of a new CEO
10	Process	Strategic thinking	How much strategic thinking do we want?	Acting-dominant	Strategy focused on acting as the CEO had to act immediately to respond to firm's priorities
11	Process	Collective (central actors)	Who is the strategist?	He	The CEO was the main strategist
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by the company's repositioning in the market
13	Context	Company size	How big is the company?	Medium	The company was medium-sized according to the SME criteria

Analysis of characteristics (see Table 52):

- Complexity, integration and novelty: Strategy was specific as the CEO made immediate changes to respond to specific priorities found in the company during his first six months in office. There was only one strategy and no distinction among corporate, business or functional strategies. The strategy was unique and created by one person (the CEO) and as a result of a personalised process.
- Process and content control: Strategy formation was emergent in content and

process structure as there was no intention for a deliberate process. There were no predefined activities and there was no control of the strategy formation process.

- Change presence, pattern and source: Change was incremental and continuous with CEO's learning playing a pivotal role and driving the next cycle.
- Strategic choice, strategic thinking and process collective: The strategy formation process was CEO-centric and acting-dominant in response to CEO's learning about the company's business, market and priorities. Strategy was reactive, in response to internal factors, i.e. the appointment of the new CEO. The CEO was the main strategist.
- Company environment and size: The environment was dynamic as the company had to reposition in the market. The company size was medium according to the SME definitions.

Cycle 2

Table 53: PF template of company B - Cycle 2

		Cycle 2							
	a	b	c	d	e	f	g	h	i
	Stages of the Preliminary Framework ('PF')	Timeline	Description of activity	Was the stage of the PF present?	If yes at (d), was the action of the stage iterative?	If yes at (e), how frequent was the action?	If yes at (e), for how long was the action repeated?	If yes at (d), who performed the action?	If yes at (d), in what format/form was the action performed?
1	**Drivers**	May-Oct 2001	CEO's learning about the company's business and markets and conscious decision to form a strategy	y	n			CEO	na
2	**Decision to form a strategy**	Sep-01	The CEO decides to formulate a strategy	y	n			CEO	CEO's decision
3	**Preparation of strategy formation**			n					
4	**Data collection**	May-Oct 2001	The CEO interviews all employees, customers, competitors, corporate finance boutiques, exhibitions (same activity as in Cycle 1)	y	y	Continuous	Six months	CEO	Meetings
5	**Data analysis**	May-Oct 2001	The CEO takes weekly time to reflect on interviews and his learning about the company's business and markets (same activity as in Cycle 1)	y	y	1h/weekly	Six months	CEO	Self appointment
6	**Formulation of strategic options**	Sep-01	The CEO drafts a strategy paper based on his findings from interviews and feedback to his hypotheses	y	y	Continuous	a month	CEO	A written document
7	**Evaluation of strategic options**	Sep-01	The CEO tests his strategic hypotheses with the executive management, senior managers, and the 'Future leaders' group	y	y	Continuous	a month	CEO, executive and senior management, Future leaders group	Meetings
8	**Internal negotiation/ authorisation**	Oct-01	BoD approves CEO's strategy - although this was a formality	n					BoD Meeting
9	**Selection of the final option**	Oct-01	The BoD formally signs off the CEO's strategy	y	n			BoD	Meeting
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**	May-02	During a company kick-off meeting strategy is communicated to all employees. Strategy is not supposed to be changed fundamentally in the next three years and is expected to be revisited every six months - see the next cycle	y	n			All employees	Meeting for feedback

Analysis of the stage structure (see Table 53):

- The strategy formation process included the following PF stages: drivers, the decision to form a strategy, data collection, data analysis, formulation of strategic options, evaluation of strategic options, and selection of the final option followed by feedback from implementation or strategy revision.
- During cycle 2 a strategy formation process was launched and mostly conducted by the CEO. The learning process carried out in cycle 1 prompted him to decide to form a strategy and was a driver to launch cycle 2.
- Learning was gradual and the CEO took time weekly to reflect on his lessons about

the company and crystallise them into strategy hypotheses (strategic option formulation).

- He tested and refined the hypotheses with the executive management, senior management and 'Future leaders' group before the strategy was finalised and formally approved by the BoD. He established clear quantitative and qualitative growth targets for the following three years (evaluation of strategic options and selection of the final option).
- The agreed strategy was communicated to all staff in an annual meeting with all employees for feedback and alignment of the organisation with the strategy implementation.

Cycle features

- The cycle included the following iterative stages: data collection, data analysis, option formulation and option evaluation, given that they were all carried out repeatedly over several months.
- The cycle was one-off and lasted two months.
- Cycle 2 partially overlapped with cycle 1 as the CEO analysed the information about the company's business and markets acquired during the data collection and analysis stages of cycle 1 and used it to formulate strategic options (i.e. hypotheses) in cycle 2. In addition, learning was the driver of the decision to launch the strategy formation process of cycle 2.

Table 54: AM template of company B – Cycle 2

				Cycle	2
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	Mix	Strategy was not that specific and became more generalised than in Cycle 1
2	Content	Integration	How tightly integrated should a good strategy be?	One strategy	There was only one strategy, and no distinction between corporate, business and functional strategies
3	Content	Novelty	How unique or novel should a good strategy be?	Mix	Strategy becomes more generic and clearly defined compared to cycle 1
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Mix	Strategy was neither a realised pattern nor an intended plan
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Mix	There was some control of the strategy formation process, but strategy was purely deliberate
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Mix	Change continued but it was less continuous than in cycle 1 due to less learning
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Occasional- in one go, quantum	Change was dependent on the timing of the strategy process
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	Learning of the CEO continued but it was less intense as in Cycle 1, it was more a phase of crystallising the lessons
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO decided to form a strategy
10	Process	Strategic thinking	How much strategic thinking do we want?	Mix	There was less acting than in cycle 1; however, there was not an entirely thinking-dominant strategy formation process
11	Process	Collective (central actors)	Who is the strategist?	Them, but very much centred on him	The CEO was the key actor, but he consulted executive management, senior management, and some employees
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	The environment was complex and poised to acquisition consolidation dynamics
13	Context	Company size	How big is the company?	Medium	The company was medium-sized according to the SME criteria

Analysis of characteristics (see Table 54):

- Complexity, integration, novelty: The process was less specific than in cycle 1 and became more generalised. There was only one strategy and no distinction among corporate, business and functional strategies. The strategy became more generic than in cycle 1, but it still retained particularities related to the strategy formation process.
- Process and content control: Although the process was not prescriptive as no prior structure existed, it was intended and more structured than cycle 1. The strategy process was a mix as it was neither purely emergent, nor entirely deliberate; it also

followed a predefined set of activities.

- Change presence, pattern and source: The CEO continued to use the knowledge about the company acquired during cycle 1 as a source of change. CEO's learning continued, but was less intense than in cycle 1; it was a crystallisation of the lessons learned. The change or implementation of the strategy happened in one-go (as opposed to continuously in cycle 1), once the strategy was approved. Change was driven by the timing of the strategy formation process.
- Strategic choice, strategic thinking and process collective: Strategy formation was proactive, i.e. the CEO's decision to form a strategy. The process was less focused on acting, but was not entirely thinking-dominant. The CEO continued to play a key role in the formation process. However, the participation in strategy formation increased to include the executive management, senior management and Future leaders' group as well as the BoD, which had a pure formalistic, authorisation role.
- Company environment and size: The environment was dynamic and complex as the company repositioned in the market and started to consolidate market share through organic growth and M&A. The company's size was medium.

Cycle 3

Table 55: PF template of company B – Cycle 3

	Cycle 3								
	a	b	c	d	e	f	g	h	i
	Stages of the Preliminary Framework ('PF')	Timeline	Description of activity	Was the stage of the PF present?	If yes at (d), was the action of the stage iterative?	If yes at (e), how frequent was the action?	If yes at (e), for how long was the action repeated?	If yes at (d), who performed the action?	If yes at (d), in what format/form was the action performed?
1	**Drivers**	May-02	CEO's conscious decision to form a strategy in order to grow the company	y	n			CEO	na
2	**Decision to form a strategy**	May-02	The CEO decides to review the strategy and launch an offsite meeting for this purpose	y	n			CEO	na
3	**Preparation of strategy formation**	May-02	The CEO circulates an agenda to executive management prior to an offsite meeting for comments and inputs. Some strategic ideas were briefly discussed in the weekly meetings of the executive management team.	y	y	weekly	as long as required	CEO, Executive management	na
4	**Data collection**	May-02	Management executives collect data if they have to prepare a presentation on a specific initiative	y	y	as many times as required	as long as required	Executive management	na
5	**Data analysis**	May-02	An executive manager prepares a presentation on a specific aspect of his/her business unit	y	y	as many times as required	as long as required	Executive management	Written papers
6	**Formulation of strategic options**	May-02	Executive management discusses critical areas, such as: technology, market changes, and acquisitions. Strategic initiatives discussed include responsible persons, implementation timeline, and expected output. KPIs are set. Occasionally senior managers are invited to participate if they are relevant to the topics discussed.	y	n			Executive management, occasionally senior managers	One day offsite meeting of executive managers to revise the three-year strategy
7	**Evaluation of strategic options**	May-02	Executive management brainstormed on the critical areas. The CEO's PA took meeting notes.	y	n			Executive management	Brainstorming
8	**Internal negotiation/ authorisation**	May-02	The CEO held the ultimate decision making power in the meeting. The CFO had a strong say in decisions on strategy.	y	n			Executive management, CEO, CFO	Internal discussions
9	**Selection of the final option**	May-02	Following an offsite meeting, the CEO went through the meeting notes, distilled the ideas discussed, and sent a summary to executive managers. They all met to review and agree the final output a few days later.	y	n			CEO, executive management	A written document as a revised strategy
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**	May 02 to June 04	Strategy was revised every six months.	y	n			CEO, executive management	Revision

Analysis of the stage structure (see Table 55):

- The cycle included all PF stages.
- The strategy formation process was conducted during a one-day offsite meeting, with the aim of revisiting the previously set strategy.
- The decision to form a strategy was driven by the CEO's conscious decision to review the strategy on a semi-annual basis.
- The process involved a preparation stage. The CEO circulated an agenda to the executive management for comments and inputs prior to an offsite meeting. The

executive management briefly discussed several strategic ideas in the weekly meetings, which formed the basis of the agenda of the offsite meeting.

- The data collection and analysis stages took place when a functional strategy was discussed. An executive manager prepared a few slides which were discussed with the CEO before the topic was discussed with the executive management at a semi-annual offsite meeting.
- The formulation and evaluation of strategic options stages took place during an offsite meeting; executive managers collaborated and brainstormed on agenda topics.
- Occasionally, senior managers (other than executive managers) were invited to offsite meetings if they were relevant to the topics discussed.
- The selection of the final option took place a few days following an offsite meeting when the executive management met for the final acceptance of the strategic output prepared by the CEO based on the notes taken by his secretary during the offsite meeting. The CEO distilled the notes and transformed them into a strategy output. The outcome included financial projections for the next three years, aspirations, and an exit route for shareholders.
- The strategy agreed by the executive management was revisited semi-annually (implementation/revision).
- The structure of the strategy output included: high level objectives, which answered questions such as who should do what and by when; a three-year financial model, which included financial projections and sensitivities of a few key inputs; aspirations; and an exit route for shareholders. Summaries for employees and the BoD were drafted.

Cycle features

- The cycle lasted several weeks.
- The preparation stage was iterative as executive managers decided the agenda of a quarterly strategy meeting in the weekly meetings ahead of a quarterly meeting. Data collection and analysis were also iterative as the actions were carried out repeatedly to prepare presentations for an offsite meeting.
- The cycle was recurring because it was repeated semi-annually for two years.

Table 56: AM template of company B – Cycle 3

				Cycle	3
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	General, simple	Strategy had a formalised output and followed a predefined process
2	Content	Integration	How tightly integrated should a good strategy be?	Portfolio of components	Functional strategies (e.g. R&D, sales and marketing strategies) were mentioned
3	Content	Novelty	How unique or novel should a good strategy be?	Generic, clearly defined	Strategy making was clearly defined as a set process
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Intended plans	Strategy was intended given the clear intention to revise it semi-annually
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Deliberate	The process was deliberate and controlled
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Rarely changing	Change was rare and timed by the timing of strategy revision processes
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Occasional	Change took place occasionally driven by the timing of the strategy revision meetings
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	Learning continued, but decreased; executive management learned from the strategy revision preparation
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO decided to revisit the strategy regularly
10	Process	Strategic thinking	How much strategic thinking do we want?	Thinking-dominant	Strategy formation focused on the process and followed defined activities
11	Process	Collective (central actors)	Who is the strategist?	Them	Executive managers were involved in the option articulation and evaluation; decision making was consultative
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	The environment was complex and poised to acquisition consolidation dynamics
13	Context	Company size	How big is the company?	Medium	The company was medium-sized according to the SME criteria

Analysis of characteristics (see Table 56):

- Complexity, integration and novelty: Starting in cycle 3 the strategy formation process became more complex and strategy content was less nuanced, following a predefined process. Interviewees mentioned specific functional strategy decisions, e.g. the sales strategy, which represented the proof for the existence of multiple strategy layers. Strategy making was a generic and clearly defined process.
- Process and content control: From a control perspective, both the content and process were controlled as strategy formation stemmed from intended plans and had a deliberate approach.

- Change presence, pattern and source: The change of the organisation resulted from the implementation and revision of the agreed strategy. Change was rare and followed the pace of the strategy revision meetings, which dictated the timing of change. Learning was attributed to the executive management who worked on strategy initiatives ahead of the strategy offsite meetings.
- Strategic choice, thinking and process collective: Strategy formation was a proactive and conscious process of revisiting and amending the incumbent strategy. The process was thinking-dominant because it focused on the structure of the process and followed defined activities. The participants included the executive management. The CEO, closely supported by the CFO, remained the ultimate decision maker although the decision making process was more consultative.
- Company environment and size: The company continued to grow in a dynamic/complex environment, which was poised to acquisitions on the backdrop of a stable market. The company remained medium-sized according to the SME criteria.

Cycle 4

Table 57: PF template of Company B – Cycle 4

	Cycle 4								
	a	b	c	d	e	f	g	h	i
	Stages of the Preliminary Framework ('PF')	Timeline	Description of activity	Was the stage of the PF present?	If yes at (d), was the action of the stage iterative?	If yes at (e), how frequent was the action?	If yes at (e), for how long was the action repeated?	If yes at (d), who performed the action?	If yes at (d), in what format/form was the action performed?
1	**Drivers**	Jul-04	Change of ownership and arrival of a new majority shareholder	y	n				na
2	**Decision to form a strategy**	Nov-04	The majority shareholder becomes more actively involved in strategy formation than the previous company owner	y	n				Majority shareholder
3	**Preparation of strategy formation**	Nov-04	The CEO circulates an agenda to executive management prior to an offsite meeting for comments and inputs. Some strategic ideas are briefly discussed in the weekly meetings of the executive management team.	y	y	Weekly	as long as required	CEO, Executive management	na
4	**Data collection**	Nov-04	Management executives collected data if they had to prepare a presentation on a specific initiative	y	y	As many times as necessary	Several weeks	Executive management	na
5	**Data analysis**	Nov-04	An executive manager prepared a presentation on a specific aspect of his/her business unit	y	y	As many times as necessary	Several weeks	Executive management	Written papers
6	**Formulation of strategic options**	Nov-04	BoD members started to be actively and directly involved in the strategy formation process and meetings.	y	n	n		Executive management, occasionally senior managers, BoD members	One-day offsite meeting of executive managers to revise the three-year strategy
7	**Evaluation of strategic options**	Nov-04	Executive management and BoD members brainstormed on the critical areas. The CEO's PA took meeting notes.	y	n			Executive management, BoD members	Brainstorming
8	**Internal negotiation/ authorisation**	Nov-04	The CEO has the ultimate decision making power in the meeting; CFO also has a strong say.	y	n			Executive management, BoD members, CEO, CFO	Internal discussions
9	**Selection of the final option**	Nov-04	Following an offsite meeting, the CEO goes through the meeting notes, distils the ideas discussed, and sends a summary to executive managers and BoD. They all meet to review and agree on the final output a few days later. The outcome is signed off by the BoD. In addition, the CEO meets the BoD monthly.	y	n			CEO, executive management, BoD members	A written document as a revised strategy
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**	Nov-04	The strategy agreed was revised every six months.	y	n			Executive management, BoD members	Revision

Analysis of stage structure (see Table 57):

- This cycle represented a refinement of the strategy formation process in place due to changes in the company's ownership following the new majority shareholder's arrival.
- Cycle 4 included all the PF stages of cycle 3. There were a few additional changes: the BoD became actively involved in the evaluation of strategic options; and the BoD's representatives of the new majority shareholder sometimes attended the strategy formulation meetings.
- The selection of the final option, which took the form of a strategy output paper, continued to be signed off by the Board. The Board also had monthly meetings with

the CEO; members of the executive management were sometimes invited.

Cycle features

- As cycle 4 mirrored cycle 3 in almost all respects, the preparation of strategy formation, and data collection and analysis stages were iterative.
- The cycle lasted a few weeks.
- Given that cycle 3 was repeated with a six-month frequency, cycle 4 followed the same recurring pattern.

Table 58: AM template of company B – Cycle 4

				Cycle	4
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	General, simple	Strategy had a formalised output and followed a predefined process
2	Content	Integration	How tightly integrated should a good strategy be?	Portfolio of components	Functional strategies (e.g. R&D, sales and marketing strategies) were mentioned
3	Content	Novelty	How unique or novel should a good strategy be?	Generic, clearly defined	Strategy is clearly defined, with clear steps
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Intended plans	Board's recommendation on strategy was intended and followed the strategy formation of the executive team
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Deliberate	The process was deliberate and controlled
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Rarely changing	Change is rare and timed by the timing of the strategy meetings
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Occasional	Change took place occasionally driven by the timing of the strategy revision meetings
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	The BoD learned gradually
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO decided to revisit the strategy regularly
10	Process	Strategic thinking	How much strategic thinking do we want?	Thinking-dominant	Strategy formation focused on the process and followed defined activities
11	Process	Collective (central actors)	Who is the strategist?	Them	The BoD became actively involved in strategy formation following the change of ownership in 2004
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	The environment was complex and poised to acquisition consolidation dynamics
13	Context	Company size	How big is the company?	Medium	The company was medium-sized according to the SME criteria

Analysis of characteristics (see Table 58):

- Complexity, integration and novelty: Strategy was general, less nuanced because it followed a predefined process.
- Process and content control: The strategy formation process had a deliberate approach and an intended content because the Board's recommendations on strategy were deliberate and followed the strategy formation of the executive team.
- Change presence, pattern and source: Change was rare, happened occasionally, and was driven by the occurrence of the strategy revision processes. Management gained experience in strategy formation gradually.

- Strategic choice, thinking and process collective: The strategy formation was a proactive and consciously designed process, with predefined steps. The process was thinking-dominant. The participants in this cycle included the CEO, the executive management and, occasionally, BoD members.
- Company environment and size: The company continued to grow in a similar market environment as that of cycle 3 and stayed with the medium-sized category.

5.2.2.4 Enablers and barriers

The following enablers and barriers related to strategy formation were identified:

Enablers

- The strategy formation process increased the alignment and bonding of executive managers to become a close, tight-knit team.
- The process acted as a catalyst for growth. This was reflected in the articulation of the growth targets and the way they were integrated in the strategy formation process.
- Despite numerous changes of ownership during the researched period, CEO's continuity ensured the coherence of the strategy process. During his ten-year tenure he was the driving force behind strategy formation and company's growth.
- Strategy formation enabled increased alignment top-down and bottom-up in the organisation. Organisation's alignment to implement the growth strategy took place in top-down forums of discussion, such as:
    - The strategy process ensured that the executive team adopted the agreed strategy. The CEO and the executive management reviewed and agreed a strategic output following each offsite meeting.
    - The strategic output was communicated to senior managers semi-annually during a one-day offsite meeting.
    - The agreed strategy was cascaded down in annual meetings when strategy was communicated to all employees.
- The strategy process provided avenues for bottom-up contribution:
    - The future leaders group provided direct bottom-up feedback to the CEO on strategy implementation and other business issues.

- In the first annual meeting with all employees, they provided ideas which could impact the business in the next ten years; some of the ideas were later implemented.

Barriers

There were no barriers related to the strategy formation process identified from the analysis of interviews.

5.2.3 Conclusion

The within-case analysis showed that the strategy formation of company B developed over time and comprised four cycles during the researched period. The cycles increased in planning intensity and formalisation gradually, with cycle 3 emulating the full PF structure.

Similarly to company A, cycle 1 was an emergent strategy formation process driven by CEO's responses to business priorities during his first six months of work. CEO's learning was the backbone of the strategy process and the liaison between cycles 1 and 2. For this reason, the cycles overlapped during the data collection and analysis stages.

Cycle 2 included some planning elements. The strategy formation process was CEO-centric. The content, which represented CEO's vision of the company's growth, was refined and tested with management and various employees.

Cycle 3 represented a planned strategy formation process. It was conducted as an offsite meeting and preceded by weekly preparation meetings. The cycle involved the participation of the entire executive team and resulted in a written strategic output, with a clear structure. The strategy formation process stabilised in cycle 3 and was repeated semi-annually in this structure. Cycle 4 was a corollary of cycle 3, with a refinement: BoD's active involvement in the strategy formation process following a change in company's ownership.

Enablers similar to those of company A were identified at company B. The strategy formation process increased the bonding and alignment of executive managers, and contributed to the adoption of the strategy by the next management layer and all employees.

5.3 Company C

5.3.1 Case study narrative

5.3.1.1 About the company

The company specializes in digital video advertisements that have been designed for digital platforms. The company helps advertisers to distribute video content that will resonate with a target audience on the web and to predict the viral potential of videos. The company has benefited from the continuing growth of the video advertisement spend and the shift towards programmatic advertising. The company has 20 offices globally, with regional hubs in London, New York and Singapore.

Key company milestones:

- 2006: The company was set up by three co-founders, who acted as CEO, COO (co-CEO from 2015) and CTO, respectively.
- 2006: The viral video chart was launched.
- 2007: The distribution platform was launched
- 2008-9: The distribution platform was refined through a sharing functionality and other features were added in response to clients' demand.
- 2010: The Paris office opened.
- 2011: The New York office opened, followed by the opening of the Stockholm office.
- 2012: The company raised capital from three venture funds; the founders retained control of the business.
- 2013: The acquisition of a small German competitor was conducted.
- 2013: A new platform to predict video virality was launched.
- 2014: The Asia-Pacific expansion started; the Singapore office opened.
- 2014: The first mobile video exchange that guaranteed the viewability of premium video impressions bought through real-time bidding was launched.
- 2015: The company was acquired by a large corporate in September 2015, but continued to operate independently.

5.3.1.2 The strategy formation process

As shown in Table 59 below, the company met the high-growth SME criteria during 2010-15.

Table 59: Revenue and headcount

EOY March	2010	2011	2012	2013	2014	2015	2010-15 CAGR	Test CAGR
Revenue (£ million)	1.9	6	17.6	19.3	21.2	28.7	72%	15%
Headcount (FTEs)	20	40	98	117	132	181	55%	20%

Source: Companies House, Capital IQ

The strategy formation process was anchored around several key milestones of the company's development. Several periods of business and strategy development were identified:

- Prior to 2009: The company was run as a startup in an 'agile mood', with no intended strategy.
- 2009-12: The first intended strategy thinking and structures started to form.
- 2013-15: Clear strategy formation structures and processes were established.

5.3.1.2.1 *The period from the company's inception to 2009*

At the beginning of the company's life there was no strategy, according to one of the founders. The company was operating in an agile mood, following fast cycles of product launching, testing and revising.

5.3.1.2.2 *The period of 2009-12*

The founders decided from the outset that they had growth ambitions and any profits would be reinvested instead of taken as dividends. Their main focus was revenue growth, which was the key indicator monitored to measure growth. Management was preoccupied with expanding internationally to boost revenue growth.

The first internal conversations on strategy started in 2009 once the company became profitable and began to accumulate cash reserves. The question of how fast the company should expand internationally was the key strategy question debated in quarterly BoD meetings during 2009. At that time the Board comprised the CEO, the COO, the CTO, and a NED.

The strategy formation process was convoluted because the timing to expand was assessed based on quarterly financial results and business performance, which were hard to predict at that time. The founders wanted to ensure that the company was profitable and had sufficient cash reserves before expansion.

The founders learned that that they would need to make a decision under conditions of uncertainty and ambiguity, without having perfect information. Once the Board meetings were set up, the quality of information inputs improved. They learned that business performance was seasonal and driven by the seasonality of the advertising industry.

Besides the topic of internationalisation, the BoD discussed topics, such as business defensibility, product differentiation, market entrants, new products and company's cash flows.

The format of the Board meetings was informal; conversations took place freely without following a framework. The NED, who had been a seasoned entrepreneur, angel investor and academic, facilitated the conversations. He had studied decision making and encapsulated his findings into a book called "The art of decisions" (2008).

The strategic thinking was rather opportunistic than deliberate in this phase. The strategy formation process was informal, collaborative, with every BoD member expressing his/her opinions and the CEO being the ultimate decision maker. "We have a collaborative culture and a strong CEO" and "this is key to make progress", according to the COO.

The choice of Paris as the first hub for international expansion was driven by travel convenience and firm's pre-existent relationships with French publishers. Management

formed a plan of the office opening. Once a country head was identified, the rest of the operational decisions regarding the office launch were made by the country head.

The next internationalisation decision was the expansion into the USA. The company choose USA as the next internationalisation destination because the CEO assessed the market and potential clients during several trips to the USA when he met local agencies. Following those trips, the company received multiple inbound client requests which could not be served by the UK team due to their workload and would have been better served from an USA office.

The decision to expand into the USA was discussed in quarterly BoD meetings during 2010; however, the decision making process was quicker than the one for the opening of the Paris office because the founders had stronger confidence due to the growing USA market and company's turnover.

Management had multiple proof points given the inbound client requests and learned from the experience of the Paris office. Hence, they saw a market opportunity in the USA as "there was no competition". By the time they decided to open an office in the USA, they already had a few sales people in that market.

The actual office opening took longer than the Parisian office because it took time to find the right country head. The New York office was launched in early 2011. Overall, finding the right people was key in implementing the expansion.

The decision to open an office in Stockholm was opportunistic and driven by an exceptionally talented individual whom the founders met and subsequently appointed as country head.

5.3.1.2.3 ***The period of 2013-15***

In January 2012 the company received funding from a group of financial institutions, which acquired a minority stake in the company. A few factors convinced the founders that it was the right time to raise capital:

- The founders had a clear view of the use of funds.
- One of the uses of funds was to hire engineers to analyse the data collected from video launches and shares. The result was the launch of a new product to predict video virality in 2013. The demand for this product had been already proven by 2012 as the company had many inbound client requests which gave the founders confidence in its growth potential.
- The continuation of the international expansion required additional capital. Internal cash was not sufficient and the company needed external funding to expand the business into additional geographies.

Following the fund raising, a key moment was a small acquisition in Germany in 2013. The company had already established an office in Berlin. Management identified Germany as an important market; the CEO considered the possibility of making acquisitions, but he did not pursue it actively. The acquisition of the German company was opportunistic and not the result of an elaborate business plan.

The company continued the expansion and looked at Asia. The CEO was guided by his flair and client demand. There was no business plan prepared in advance. It took relatively long to open an office in Asia as the Head of EMEA, who was appointed to run the expansion into Asia, took some time to decide whether he wanted to relocate due to personal reasons. Finding the right people was critical and the company decided to wait until the right person was ready. Subsequently, in the spring of 2014, the company opened the first office in Singapore.

A key milestone of the strategy formation process was the changes implemented starting in 2013. The CEO decided that strategy formation had to be more structured and involve additional senior executives. Various internal forums to discuss and form strategy were set

up. The changes were not imposed by minority shareholders' governance requirements, but contributed to company's maturation, which in turn drove more formalisation in strategy formation. The investment helped the company to accelerate business growth and the maturation of its management processes.

The executive team had the main role in strategy formation and comprised: the CEO, the CFO, the COO (appointed co-CEO in 2015), the Business Development Head, the Operations Development Head, the HR Head and the sales leaders of each region (i.e. USA, APAC and Germany).

The founders used the books "The advantage" and "The five dysfunctions of a team" by Patrick Lencioni to guide them through the strategy formation process. A key lesson from the books was that strategy was secondary, organisational health was more important. This approach was relevant to dynamic sectors where it was difficult to plan due to accelerated changes of fast-paced technology and it was more important to build strategy clarity.

Strategy conversations were conducted top-down and bottom-up in various types of meetings. The executive team met daily, weekly, quarterly and on an ad hoc basis. As several members of the executive team were located in various parts of the world, daily, weekly and quarterly meetings were held via conference calls, video calls and in person, respectively.

Daily executive meetings

Operational issues were discussed in daily meetings. Although there were no strategy topics discussed in the daily meetings, they were important to strategy formation because they allowed the executive team to tackle operational issues and allocate time to focus on strategic topics at the other meetings.

Weekly executive meetings

Weekly meetings were organised to discuss operational and strategy issues. A weekly meeting lasted 1.5 hours. The executive team discussed and reviewed the implementation status of each work stream agreed at a previous quarterly meeting. Additionally, the topics

for discussion at the following quarterly meeting were agreed and stemmed from progress with strategy implementation.

Quarterly strategy meetings

The quarterly strategy meetings (also called "executive retreats") were the main avenue for strategic thinking and strategy formation. They were one-day offsite meetings held outside the company's offices and aimed to discuss strategic issues and nurture team building (emulating Lencioni's principle of organisational health).

Sometimes the executive team used operating reports, including business KPIs, in the quarterly meetings. Other times several executives prepared preliminary analyses, e.g. a SWOT analysis of each market where the company operated to discuss market specific issues.

An executive retreat usually comprised four sessions: a team-focused session and three topic-based sessions. There was also a final wrap-up session. The topics for discussion were established in a weekly meeting, in the run-up of a quarterly meeting. Each topic was discussed for an hour; at the end 30 minutes were allocated for any other business topics. An agenda was suggested at the beginning of a meeting. Everyone was able to contribute before or at the start of the meeting.

The retreats were run using Lencioni's meeting framework. The executives discussed and wrote ideas on a white board, photographed the white boards and drew provisional conclusions. One of the co-CEOs chaired the meetings occasionally. Normally no formal chairing was needed as an owner of a work stream went through his/her topic, status, and challenges; and answered the executive team's questions.

The executive management used Lencioni's framework playbook to form a strategy. This comprised five questions to which management added the sixth question:

- Why do we exist?
- How do we behave?

- What do we do?
- How will we succeed?
- What is important right now?
- Who must do what?

The answer to the first question was not changed over time, but was refined at quarterly meetings. The other questions aimed to understand company's differentiators and success factors.

Company's overarching goals were answered at the fifth question and covered a period of three to six months, rarely longer, given company's fast-paced industry. The overarching goals were company specific and worded dynamically, as initiatives rather than static goals, e.g. increase programmatic revenue.

Six specific goals were formulated and outlined what needed to happen to achieve the overarching goals. Each specific goal had an owner (an executive manager) and an associated work stream, with clear objectives, outcomes, KPIs, and implementation steps to translate the goal into daily actions across company's functions.

In addition to the specific goals, which were qualitative, the executive team formulated quantitative goals, which included financial targets of revenue growth and profit/EBITDA.

Qualitative strategy anchors were also discussed. The strategic anchors referred to company's distinctive factors, differentiators to competitors and sustainable pillars for success. The strategy anchors emulated the selection of a business strategy (i.e. cost leadership, value leadership, or a combination).

The outcome of a quarterly meeting was a slide presentation, which included all the above goals and was used to monitor strategy implementation in weekly meetings. At the following quarterly meeting, the presentation would be updated to reflect any changes of strategic topics.

The company's strategy formation process was centralised. There were hardly any variations of strategy content across geographies because of the company's industry particularities: company's clients were global and the company competed against global competitors (e.g. Facebook, YouTube and Google). The regional heads had reasonable autonomy and were devolved power from headquarters. Market particularities were recognised and discussed.

Ad hoc strategy meetings

Ad hoc strategy meetings were organised when something important arose and could not wait until the following quarterly meeting. A two-hour executive meeting was organised and dedicated to discussing that strategy topic.

BoD's role in strategy formation

The Board's role in strategy making was to provide recommendations to company's executives. The Board did not have executive powers in strategy making and was a forum for advice.

A consequence of the institutional investment was the enlargement of the Board with three additional NEDs, one for each venture fund, and a non-executive chairman. The other Board members remained the same: the CEO, the CFO, the COO and the initial NED.

The Board's involvement in company's governance processes became more structured and formal with the establishment of regular six-week, quarterly and annual meetings.

Interim (six-week) meetings

Every six weeks there was a short, informal Board meeting when operational issues were mainly discussed and 10-15 minutes were allocated to discuss strategy issues, e.g. expansion into Asia-Pacific, new products and advertisement formats.

The strategy topics for quarterly Board meetings were agreed in the interim meetings. Sometimes, if there was no strategy topic arising from an interim meeting, the CEO would

suggest a topic. An example of a topic discussed was whether the company's analytics model should be sold or offered as a freemium model to clients.

Quarterly meetings

Board discussions on company's development or areas where management would benefit from Board's experience were held quarterly.

Papers were prepared in advance of Board meetings. The preparation of papers was led by the CEO accompanied by a senior management member, who was either the CFO, the CTO, the COO or a regional product director, depending on the topic discussed.

A paper was a presentation of maximum four slides. Market reports were sometimes used in the paper preparation. The paper formulated strategic options and normally included:

- an analysis of the external context: market and competitors;
- strategy recommendations formulated based on causal argumentations, such as: "it makes sense for us to do that because of x, y, z";
- a SWOT analysis of the company in relation to the topic discussed; and
- directional advice:
    - Sometimes recommendations were already formulated by the executive team and the Board only needed to advise on a recommendation.
    - Other times the purpose of the paper was to set the context for the Board to brainstorm and formulate a recommendation.

The evaluation of the options was conducted in the quarterly Board meetings when papers were discussed. Then the Board made recommendations to the executive team.

Annual meetings

Annually there was a longer Board session of one or two days dedicated to a strategy topic which needed elaborate thinking. Critical business issues were discussed during those meetings.

Other avenues for strategy formation

Executive retrospectives

Ahead of a quarterly executive retreat or, sometimes, following an executive retreat there was a larger session that included the executive team and the next level of management, in total 20-30 people. The participation changed as invitees were invited by rotation. The purpose of the sessions was to test the topics to be discussed at quarterly meetings in a larger forum, with more employees.

Company town halls

A town hall meeting with all employees to update them on the agreed strategy and give them the opportunity to ask questions was held quarterly and usually two weeks following an executive quarterly meeting. This communication approach aligned the entire organisation for strategy execution.

5.3.1.3 The role of strategy formation in achieving growth

Despite the company's high growth and institutionalisation, the founders believed that it was important to remain an agile organisation. This was the company's competitive advantage whilst competing with large incumbent companies who responded slowly to innovation and market changes. The company was good at listening to the market place and adapting quickly to market and clients' needs. The company's principle was "reduce, reuse, recycle".

In the early years the founders recognised the importance of the team, communication, open relationships, trust, transparency and accountability - another lesson from Lencioni's books. "Embrace change, share love and deliver the wow factor" have been the company's values. Value fit was important in recruiting new hires.

According to the CEO, growth was explained by strategy, execution and luck in equal proportions. Strategic thinking was a straightforward process and a couple of people in the organisation were capable to do it. The harder part was to align the executive team and employees to recognise and act upon the agreed strategy.

One of the benefits of the strategy formation process was to reach alignment among the executive team, which created the need for more structure in strategy formation. This structured approach was a result rather than a condition of attracting institutional investors. Management was liberated from focusing on capital constraints and had the time and mental space to be more deliberate and structured in strategic thinking.

Strategic thinking had been CEO's constant preoccupation ever since there was no strategy process formalised. The CEO had constant conversations on strategy with the COO. With the formalisation of strategy formation processes, those conversations started to be tested in a wide forum, with the executive team. The latter operated as a sense check to founders' strategic ideas. Some of the ideas were quickly dismissed. When ideas caught the attention of the executive team, they were further developed into strategy making.

5.3.2 Within - case analysis

5.3.2.1 Strategy mapping

A strategy map was populated starting from the narrative of the case study, in accordance with the research design protocol. The information of the strategy map was analysed and compared to the PF stages.

As was the case for companies A and B, the strategy formation process was dynamic and comprised four cycles of strategy formation during the researched period (Table 60).

Table 60: Strategy map of company C

Data extracted from the case narrative								
Timeline	**Key company events**	**Strategy formation activities**	**Strategy implementation activities**	**Strategy content related to the process**	**PF stages recognised in company's processes**	**Strategy formation cycles**	**Cycle number**	**Commentary**
Jan-06	London headquarters are established							
Sep-06								
Jul-07	Unruly activate the first social video distribution platform							
Jan-08								
2009	The company starts to accumulate cash reserves as it has become profitable	The company starts to accumulate cash reserves as it has become profitable			Drivers	Start of cycle as per the PF stages	1	
		The question of "how fast the company should move with the international expansion" is debated in quarterly BoD meetings in 2009 by the CEO, COO, CTO, and the NED.		How fast the company should we move with international expansion?	Decide to form a strategy		1	
2009	Reseller agreement in Sydney	Quarterly financial results and performance are collected. Once the BoD meetings are set up the quality of the information input improves.			Collect internal information, external reports and intelligence		1	
		Founders analyse the information and learn that company's performance is seasonal.			Analyse information		1	
		The conversation regarding the expansion is informal and takes place freely. The founders learn that that they need to make a decision under uncertainty and without having all information they would have liked to have.		The topics discussed during BoD meetings are international expansion, business defensibility, product differentiation, new market entrants, new products, and company's cash flows.	Formulate strategic options		1	
2009	Rich media eclipse unit launch	The decision making process is collaborative, with every BoD member expressing his/her opinions. The CEO is the ultimate decision maker.			Select the final option		1	Strategy as a tool to improve internal collaboration of senior management
Mar-10	The first international office opens in Paris		The company forms a plan regarding the implementation - i.e. opening of the Paris office and the CEO is responsible for overviewing it; a locally recruited MD is responsible for operational implementation. Strategy is revised with the country head every quarter.		Implement	End of cycle as per the PF stages	1	
Mar-10		Following CEO's trips to the USA, the company receives many client requests which cannot be served by the current UK team due to their existing workload and would be better served from an US office			Internal/external drivers	Start of cycle as per the PF stages	2	
Mar-10		The question of whether/when/how they should open an office in the USA emerges			Decide to form a strategy		2	
Jun-Sep 2010		The CEO assesses the market during a couple of trips to the USA			Collect internal information, external reports and intelligence		2	
Jun-Sep 2010		Management also has multiple proof points from the US market given the inbound client requests. They leverage the experience of opening the Paris office. The founders have a higher confidence due to the US growing market, growing company revenue and proof points from the market in the form of client requests.			Analyse collected information		2	

Jun-Sep 2010		The conversation regarding the expansion is informal and takes place freely. The management saw a market opportunity in the US as "there was no competition".			Formulate strategic options		2	
Early 2011		The decision making process is collaborative, with every BoD member expressing his/her opinions. The CEO is the ultimate decision maker.			Select the final option		2	Strategy as a tool to improve internal collaboration of senior management
Feb-11	New York and San Francisco offices open		The US country head is hired; he implements the New York and San Francisco office openings		Implement	End of cycle as per the PF stages	2	
Jun-11	Stockholm office opens	Opportunistic decision driven by meeting an excellent professional who becomes head of the Nordics				Cycle 2 repeated for each office opening	2	
Aug-11	The Dutch office opens					Cycle 2 repeated for each office	2	
Jan-12	Series A funding							
Feb-12	Berlin office opens					Cycle 2 repeated for each office	2	
Apr-12	Chicago office opens					Cycle 2 repeated for each office	2	
Jun-12	Industry first social							
Aug-12	Los Angeles office opens					Cycle 2 repeated for each office	2	
Q1 13		Raising institutional capital and maturation of company's processes			Drivers	Start of cycle as per the PF stages	3	
		The CEO decides that strategy formation has to be more structured and allow the participation of more senior executives. Various internal forums to discuss strategy are set up with that goal in mind.			Decide to form a strategy		3	Evidence of planning elements
		The founders use the book "The advantage" by Patrick Lencioni as a guide throughout the strategy formation process. Weekly meetings are organised to discuss mainly operational issues and some strategy topics. The topics for discussion for the following quarterly meeting are decided in the weekly meetings.			Prepare strategy formation		3	Guidance from strategy books on how to run and form a strategy process
		An executive member collects information to prepare slides with a preliminary analysis			Collect internal information, external reports and intelligence		3	
		Sometimes the executive team used some operating reports, including business KPIs, in the quarterly meetings. Other times a few executives would prepare a couple of slides with a preliminary analysis, e.g. SWOT of each market in which the company operated, to discuss market's specific issues.		A preliminary analysis includes a SWOT analysis of each market in which the company operates.	Analyse collected information		3	
		The executive retreats organised every quarter are the main avenue for strategic thinking and discussion. The executive team discusses ideas on a white board.			Formulate strategic options		3	
		The executive team photographs the white boards and draws provisional conclusions.			Evaluate strategic options		3	

		One of the co-CEOs would chair the meeting; however, normally no chairing was needed as an owner of a work stream would go through his/her topic, status, and challenges; and would be interrogated by the rest of the executive team.		Internal negotiation/authorisation		3	No external/internal facilitator is involved
		In addition to specific goals, which are qualitative in nature, the executive team establishes quantitative and measurable goals, some of them of a financial nature, such as: revenue growth, profit/EBITDA. Company's strategy anchors are also discussed in the quarterly meetings. The outcome of the quarterly meetings is a power point presentation including all of the above points.	The financial goals include: revenue growth, profit/EBITDA.	Select the final option		3	
		The presentation was used during the weekly meetings to track the progress of the execution of the various work streams related to the strategic topics. At the following quarterly meeting the presentation was updated to reflect changes of strategic topics.		Implementation followed by strategy revision/new strategy formation process	End of cycle as per the PF stages	3	
May-13	Acquisition of a small company in Germany			The company continued quarterly strategy formation cycles			
Q2 13 - 2017	The company expands into Asia and opens an office in Singapore.	The company attracts institutional capital and, as a consequence, more formality in the management processes and corporate governance is introduced.				4	
		The Board is enlarged and starts to play an active role in the governance of the company.					
		The role of the Board in strategy formation emulates cycle 3.				4	
		Quarterly Board meetings are set up where strategic issues are discussed. The Board only makes recommendations to the executive team based on papers prepared in advance.				4	
		The preparation of papers was led by the CEO and supported by a C-suite member or a regional product director depending on the topic discussed. The paper formulated some options and provided directional advice.					
		The evaluation of options took place during the quarterly Board meetings when papers were discussed. Then the Board made recommendations to the executive team.	The paper formulated some options as it included an analysis of the external context: market, competitors; a SWOT analysis of the company in relation to the topic; and provided directional advice.			4	
		Annual BoD meetings dedicated to strategy represented a fruition of the Board discussions on strategy				4	

5.3.2.2 Strategy patterning

The strategy map data was used to fill in the PF and AM templates in line with the research design protocol. This deepened the understanding of the strategy formation processes of company C, their characteristics, commonalities, and deviations from the PF and AM.

5.3.2.3 Within-case analysis findings

The strategy mapping, patterning and analysis of the structure and characteristics of the company's formation processes revealed the following findings by cycle:

Cycle 1

Table 61: PF template of company C – Cycle 1

		Cycle	1						
	a Stages of the Preliminary Framework ('PF')	b Timeline	c Description of activity	d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yest at (e), for how long was the action repeated?	h If yest at (d), who performed the action?	i If yest at (d), in what format/form was the action performed?
1	**Drivers**	Jan-09	The company became profitable and started to build some cash reserves	y	n			na	na
2	**Decision to form a strategy**		The questions executives asked themselves were: "how fast the company should move with international expansion" and should the company open an office in Paris?	y	n			CEO, COO, CTO, and the NED	BoD meetings
3	**Preparation of strategy formation**			n					
4	**Data collection**	Jan-Dec 2009	Executives and the non-executives collected data in order to make a decision although this was not real-time data and complete. Quarterly financial results and performance were collected. Once the BoD meetings were set up the quality of information inputs improved.	y	y	Quarterly	12 months	CEO, COO, CTO and the NED	na
5	**Data analysis**	Jan-Dec 2009	Management analysed the information and learned that company's performance was seasonal.	y	y	Quarterly	12 months	CEO, COO, CTO and the NED	BoD meetings
6	**Formulation of strategic options**	Jan-Dec 2009	The conversation regarding the expansion was informal and took place freely, without following a framework. The founders learned that that they would need to make a decision under uncertainty and without having all information they would have liked to have.	y	y	Quarterly	12 months	CEO, COO, CTO and the NED	BoD meetings
7	**Evaluation of strategic options**			n					
8	**Internal negotiation/ authorisation**			n					
9	**Selection of the final option**	Jan-Dec 2009	The decision making process was collaborative, with every BoD member expressing his/her opinions. The CEO was the ultimate decision maker.	y	y	Quarterly	12 months	CEO, BoD	BoD meetings
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**	Dec-Mar 2010	The company formed a plan regarding the implementation - i.e. opening of the Paris office and the CEO was responsible for overviewing it; a locally recruited MD was responsible for operational implementation. Strategy was revised with the country head every quarter.	y	n		Until strategy was implemented and the next cycle started	CEO, Country Head	Action

Analysis of the stage structure (see Table 61):

- The cycle included several PF stages: drivers, data collection and analysis, formulation of strategic options, selection of the final option and

implementation/revision.

- Once the company became profitable and started to build cash reserves, the founders started to think of the first strategic decision to expand internationally, with the opening of an office in Paris. Company's accumulation of cash reserves was the driver to form a strategy and the founder-managers made a deliberate decision to formulate a strategy.
- As the executive team was learning how to make decisions in conditions of uncertainty, the collection and analysis of data on international expansion were repeated quarterly until a decision was made.
- The formulation of strategic options was done during BoD's informal conversations, which did not have a predefined structure and were repeated quarterly for over 12 months.
- The selection of the final option was made by the CEO who was responsible with overviewing the implementation plan. A country head conducted the actual implementation.

Cycle features

- The cycle comprised quarterly iterative stages corresponding to the frequency of the BoD meetings. The iterative stages were data collection and analysis, formulation of strategic options, selection of the final option and implementation/revision.
- The cycle was one-off as it took place once.
- The cycle lasted from January 2009 to March 2010 when a decision to open the office in Paris was made.

Table 62: AM template of company C – Cycle 1

				Cycle	1
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	Specific, nuanced	Strategy formed under conditions of uncertainty (i.e. information not available in real time)
2	Content	Integration	How tightly integrated should a good strategy be?	One strategy	There was only one strategy, and no distinction between corporate, business and functional strategies
3	Content	Novelty	How unique or novel should a good strategy be?	Unique	Strategy was created by a few persons (the CEO, the COO, the CTO, and the NED) was the result of a personalised process
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Mix	There was an element of deliberation given the intention to form a strategy
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Emergent	There was no control of the strategy formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Continuous change	Change was continuous and incremental driven by the executive management's learning
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Incremental	Change was incremental as executive management gradually learned how to make decisions in conditions of uncertainty
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Learning easily	Key executives learned how to deal with making decisions under uncertainty gradually
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO decided to form a strategy to deal with international expansion following company's accumulation of surplus cash
10	Process	Strategic thinking	How much strategic thinking do we want?	Mix	Strategy included some thinking elements, but was still unstructured
11	Process	Collective (central actors)	Who is the strategist?	Them, but centred on him	The CEO, COO, CTO, and the NED; the CEO had the final say
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by the high pace of technological changes
13	Context	Company size	How big is the company?	Small	The company fell within this category of small-sized companies

Analysis of characteristics (see Table 62):

- Complexity, integration and novelty: The strategy was specific and unique as the Board had to respond to the challenge of forming a strategy in conditions of uncertainty and with imperfect information. There was only one strategy and no mentioning of other types of strategy.
- Process and content control: The process was relatively unsophisticated, emulated an emergent approach and did not follow a set framework as it took the form of free conversations; however, there was an element of deliberation from a content-related control perspective given founders' intention to discuss a growth strategy from inception.
- Change presence, pattern and source: The change was incremental and continuous, driven by key executives' learning and becoming comfortable with how to make

decisions in conditions of uncertainty. This happened gradually during a few Board meetings until the Board reached a final decision to open the first international office.

- Strategic choice, thinking and process collective: The strategic choice was proactive given founders' deliberate decision to form a strategy on internationalisation following the accumulation of cash in the company. Whilst the strategy process included thinking elements, it was still unstructured and represented a mix between thinking and acting-dominant. The participants in the strategy formation process included the Board, which comprised: the CEO, the COO, the CFO and a NED; however, the CEO was the ultimate decision maker.
- Company environment and size: Management recognised that the company operated in a fast-paced environment, driven by technological changes. The company was small-sized.

Cycle 2

Table 63: PF template of company C – Cycle 2

		Cycle 2							
	a Stages of the Preliminary Framework ('PF')	b Timeline	c Description of activity	d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yest at (e), for how long was the action repeated?	h If yest at (d), who performed the action?	i If yest at (d), in what format/form was the action performed?
1	**Drivers**	Mar-10	Following the CEO's trips to the USA, the company received a lot of client requests which could not be served by the current UK team due to their existing workload and would have been better served from an US office	y	n			na	na
2	**Decision to form a strategy**	Mar-10	The question of whether/when/how they should open an office in the USA emerged	y	n			CEO	na
3	**Preparation of strategy formation**			n					
4	**Data collection**	Jun-Sep 2010	The CEO assessed the market during a couple of trips to the USA when he met agencies, and potential clients	y	y	Continuous	Several months	CEO	Meetings
5	**Data analysis**	Jun-Sep 2010	The management also had multiple proof points from the US market given the inbound client requests and they learned from the experience of Paris.	y	y	Continuous	Several months	CEO, COO, CTO and the NED	Meetings, client requests
6	**Formulation of strategic options**	Jun-Sep 2010	The conversation regarding the expansion was informal and took place freely, without following a framework; hence, management saw a market opportunity in the USA as "there was no competition".	y	y	Quarterly	Several months	CEO, COO, CTO and the NED	BoD meetings
7	**Evaluation of strategic options**			n					
8	**Internal negotiation/ authorisation**			n					
9	**Selection of the final option**	Jan-11	The decision making process was collaborative, with every BoD member expressing his/her opinions. The CEO was the ultimate decision maker.	y	y	Quarterly	A few months, until a final decision was made	CEO, BoD	BoD meeting
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**	Early 2011	The USA country head implemented the decision, overviewed by the CEO	y	n			CEO, country head	Action

Analysis of the stage structure (see Table 63):

- Cycle 2 included the same PF stages as cycle 1. However, the stages were more clearly delineated and founders leveraged their experience in the strategy formation gained in cycle 1.

- Following the opening of the Parisian office, management gained more confidence in making strategic decisions and decided to open offices in the USA and Sweden (the driver and decision to launch a strategy).
- The CEO was personally involved in collecting information on the market, competitors and clients during his trips to the USA (data collection and analysis).
- The formulation of strategic options took place in a free format of unstructured conversations during BoD meetings.
- The selection of the final option was made by the CEO who was responsible for overviewing the implementation whilst the country head was responsible for execution.

Cycle features

- The cycle comprised quarterly iterations of data collection, data analysis, option formulation and selection of the final option.
- The strategy formation process regarding the opening of a US office was shorter than cycle 1 (i.e. 12 months) and comprised less iterations of BoD meetings until a final decision was made.
- The cycle was recurring and repeated in the same structure for the purpose of opening offices in the USA and other geographies. The cycles subsequent to the US office opening were shorter given that management's learning curve to make decisions accelerated.

Table 64: AM template of company C – Cycle 2

				Cycle	2
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	Mix	Strategy formed under conditions of less uncertainty (i.e. management had more confirmation points on the US market)
2	Content	Integration	How tightly integrated should a good strategy be?	One strategy	There was only one strategy, and no distinction between corporate, business and functional strategies
3	Content	Novelty	How unique or novel should a good strategy be?	Unique	Strategy was created by a few persons (the CEO, the COO, the CTO, and the NED) was the result of a personalised process
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Mix	There was an element of deliberation given the intention to form a strategy
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Mix	There was some control of the strategy formation process, but strategy was not purely deliberate
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Mix	Change continued but it was less continuous than in cycle 1 due to less learning as executives started to mature in terms of strategy formation
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Mix	Change was less frequent and driven by the strategy formation meetings
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	The executives built on the lessons from the previous strategy formation process and, thus, the learning process was less intense
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO decided to form a strategy in response to the US clients' inbound requests
10	Process	Strategic thinking	How much strategic thinking do we want?	Mix	Strategy included some thinking elements, but was still unstructured
11	Process	Collective (central actors)	Who is the strategist?	Them, but centred on him	The CEO, COO, CTO, and the NED; the CEO had the final say
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by the pace of technological changes
13	Context	Company size	How big is the company?	Small	The company was small-sized

Analysis of characteristics (see Table 64):

- The majority of the values of the AM characteristics did not change from cycle 1 as the process of cycle 2 was almost similar.
- Complexity, integration and novelty: Strategy was less specific than in cycle 1 as it was formed under conditions of less uncertainty (i.e. management had more confirmation points on the US market). Strategy was still uniquely made as it was mainly created by the CEO, helped by the COO, the CTO and the NED. The company continued to have only one strategy.
- Process and content control: The process was relatively unsophisticated. Strategy was a mix between intended and emergent in terms of content and process; signs of an intended, predefined strategy formation process arose on the backdrop of an emergent strategy process inherited from cycle 1.

- Change presence, pattern and source: Executive management's learning about making decisions in conditions of uncertainty continued gradually and drove some change following the strategy formation meetings. Management built on their lessons from the previous strategy formation process; thus, the learning process was less intense.
- Strategic choice, thinking and process collective: The CEO decided to form a strategy in response to US clients' inbound requests. The process was a mix between thinking and acting and not as much CEO-centric as the COO, the CTO and the NED participated; however, the CEO made the final decision.
- Company environment and size: The environment remained dynamic/complex as the company operated in a fast-paced industry. The company continued to grow, but remained small-sized according to the SME criteria.

Cycle 3

Table 65: PF template of company C – Cycle 3

		Cycle	3						
	a Stages of the Preliminary Framework ('PF')	b Timeline	c Description of activity	d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yest at (e), for how long was the action repeated?	h If yest at (d), who performed the action?	i If yest at (d), in what format/form was the action performed?
1	**Drivers**	Quarterly since 2013	Raising institutional capital and company's processes maturation	y	n			na	na
2	**Decision to form a strategy**		The CEO decided that strategy formation had to be more structured and allow the participation of more senior executives. Various internal forums to discuss strategy were set up with that goal in mind.	y	n			CEO	na
3	**Preparation of strategy formation**		The founders used the book "The advantage" by Patrick Lencioni as a guide throughout the strategy formation process. Weekly meetings were organised to discuss mainly operational issues. The topics for discussion at the next quarterly meeting were set up in the weekly meetings.	y	y	Weekly	A quarter	Executive team	weekly meeting by video conference
4	**Data collection**		An executive member colected information to prepare a preliminary analysis	y	y	Continuous	Several weeks	Executive team member	
5	**Data analysis**		Sometimes the executive team used operating reports, including business KPIs, in the quarterly meetings. Other times, a few executives prepared a preliminary analysis, e.g. SWOT of each market in which the company operated to discuss a market's specific issues.	y	y	Continuous	Several weeks	Executive team	
6	**Formulation of strategic options**		The executive retreats, organised every quarter, were the main avenue for strategic thinking and discussion. The executive team discusses ideas on a white board.	y	n			Executive team	Offsite meeting
7	**Evaluation of strategic options**		The executive team photographed the white boards and drew provisional conclusions.	y	n			Executive team	One-day offsite meeting
8	**Internal negotiation/ authorisation**		One of the co-CEOs would chair the meeting; however, normally no chairing was needed as an owner of a work stream would go through their topic, status, challenges and would be interrogated by the rest of the executive team.	y	n			Executive team	One-day offsite meeting
9	**Selection of the final option**		In addition to specific goals, which were qualitative in nature, the executive team set up quantitative and measurable goals, some of them of a financial nature, such as: revenue growth, profit/EBITDA. Company's strategy anchors were also discussed in the quarterly meetings. The outcome of the quarterly meetings was a power point presentation including all of the above points.	y	n			Executive team	One-day offsite meeting
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**		The presentation was used during the weekly meetings to track progress of the execution of the various work streams related to the strategic topics. At the following quarterly meeting the presentation was updated to reflect changes of strategic topics.	y	n			Executive team	Revision

Analysis of the stage structure (see Table 65):

- The cycle included all the PF stages.
- The strategy formation process became more structured and formalised following the company's maturation and institutional capital raising (drivers).

- The CEO made a deliberate decision to put more structure in company's processes and extend participation in strategy formation to the executive team.
- Strategy formation became the realm of the executive team. The main avenue for strategy formation was the quarterly executive retreats started in early 2013. They were one-day offsite meetings to discuss strategy and foster a team spirit.
- The founders used Patrick Lencioni's book ("The advantage") as a guidance for the preparation and management of strategy formation processes, and, more generally, company's management. Another preparation element was setting up agendas for the executive retreats in the weekly meetings when strategy was discussed briefly besides operational issues.
- Data collection and analysis were present in the form of management reports or/and purpose-made slides which addressed the topics for discussion in executive retreats.
- The formulation and evaluation of strategic options were more structured: the executive team wrote ideas on a white board, photographed the board and drew provisional conclusions. Top priorities and actions to apply the strategy to day-to-day operations across the various functions of the organisation were established.
- The internal negotiation and selection of the final option stages were collaborative. The outcome of the executive retreats was formalised in a written presentation, which was used to monitor strategy implementation in the weekly meetings.
- The executive team actioned the activities necessary for strategy implementation.

Cycle features

- The cycle lasted a few weeks, but no longer than three months.
- The strategy formation preparation, data collection and analysis stages were iterative and took place for a few weeks.
- The cycle was repeated quarterly.

Table 66: AM template of company C – Cycle 3

				Cycle	3
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	General, simple	Strategy became general and followed a framework provided in Lencioni's book
2	Content	Integration	How tightly integrated should a good strategy be?	Portfolio of components	Strategy became more complex; it addressed various topics and comprised multiple components
3	Content	Novelty	How unique or novel should a good strategy be?	Generic, clearly defined	Strategy becomes clearly defined, with clear objectives
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Intended plans	Strategy was formed as a result of a conscious/intended decision and process
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Deliberate	There was control of the formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Rarely changing	Change continued to happened, but was less continuous and timed by the quarterly executive meetings
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Occasional	Change happened occasionally following the timing of the quarterly executive meetings
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	Learning continued to happen and was sourced from the wider executives' team knowledge
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO made a conscious decision to set up structured processes in response to company's maturation and raising institutional capital
10	Process	Strategic thinking	How much strategic thinking do we want?	Thinking-dominant	The process was thinking-dominant, more focused on process than content
11	Process	Collective (central actors)	Who is the strategist?	Them	The participation circle widened to the executive team, which comprised first-tier management besides the CEOs, the COO and the CTO
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by the pace of technological changes
13	Context	Company size	How big is the company?	Medium	The company became medium-sized

Analysis of characteristics (see Table 66):

- Content complexity, integration and novelty: Strategy became general and followed a framework provided in Lencioni's book. It also became complex and generic as it addressed various topics and comprised multiple components. The content of the process was clearly defined and had precise objectives.
- Process and content control: The process was intended, controlled and followed a predefined structure quarterly. The complexity of the strategy formation process increased significantly: the executive retreats were clearly defined in terms of frequency and modus operandi; they were the main forum for strategy formation. Also, other avenues to discuss strategy top-down were introduced (e.g. town hall meetings).

- Change presence, pattern and source: Change continued to happen less continuously, it was rather occasional and followed the timing of the quarterly executive meetings. The whole executive team was learning in executive meetings whilst in the previous cycles only the BoD was learning.
- Strategic choice, thinking and process collective: The process was proactive as the CEO made a conscious decision to establish structured strategy formation processes in response to company's maturation and raising institutional money. Strategy formation was thinking-dominant given the focus on process rather than content. The participation in the process widened to the executive team, which comprised the first tier of management besides the CEO, the COO, the CTO and the NED.
- Company environment and size: The environment continued to be dynamic and driven by the pace of sector's technological changes. The company became a medium-sized company according to the SME criteria.

Cycle 4

Table 67: PF template of company C – Cycle 4

		Cycle 4							
	a Stages of the Preliminary Framework ('PF')	b Timeline	c Description of activity	d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yest at (e), for how long was the action repeated?	h If yest at (d), who performed the action?	i If yest at (d), in what format/form was the action performed?
1	**Drivers**	Quarterly since 2013	The company attracted institutional capital and more formality in the management processes and corporate governance was introduced.	y	n		na	BoD: CEO, CFO, COO, three NEDs	BoD regular meetings
2	**Decision to form a strategy**		The Board was enlarged and started to play an active role in the governance of the company. The Board's involvement in company's governance processes became more structured and formal with the establishment of regular six-week, quarterly, and annual meetings.	y	n				
3	**Preparation of strategy formation**		Every six weeks there was a short, informal Board meeting where operational issues were mainly discussed and 10-15 minutes were allocated to discuss strategy issues. Strategy topics for quarterly Board meetings were agreed in the interim meetings. Sometimes there was no strategy topic arising from an interim meeting, then the CEO would then suggest a topic.	y	y	Weekly	A quarter	BoD	Interim meetings
4	**Data collection**		For the preparation of papers, market reports are used, such as Forester, Nielson, Zenith Optim Media, emarketer.	y	y	Continuous	Several weeks	CEO and an executive management member	na
5	**Data analysis**		Papers were prepared in advance of meetings. The preparation of papers was led by the CEO and an executive. The latter could be either the CFO, CTO, COO, or a regional product director depending on the topic discussed.	y	y	Continuous	Several weeks	CEO and an executive management member	A written document: up to four slides
6	**Formulation of strategic options**		The papers for the BoD formulated some options and provided directional advice. The structure of the paper included: an analysis of the external context: market, competitors; formulated recommendations (i.e. strategy options) – "it makes sense for us to do that because of x,y,z"; a SWOT analysis of the company in relation to the topic, and directional advice	y	n			BoD: CEO, CFO, COO, three NEDs	Board Quarterly meetings
7	**Evaluation of strategic options**		The BoD discussed the papers in the quarterly BoD meetings; sometimes recommendations were made and the Board needs to decide; sometimes the purpose of the papers was to prepare the ground for Board's brainstorming.	y	n			BoD: CEO, CFO, COO, three NEDs	Board Quarterly meetings, brainstorming
8	**Internal negotiation/ authorisation**		The Board brainstormed on the recommendations formulated in the papers. The Board did not not have executive power, it was a forum for advice.	y	n			BoD: CEO, CFO, COO, three NEDs	Board Quarterly meetings
9	**Selection of the final option**		The Board made recommendations to the executive team.	y	n			BoD: CEO, CFO, COO, three NEDs	Board Quarterly meetings
10	**Implementation feedback followed by strategy revision/new strategy formation process launched**		Implementation remained with the executive team.	y	n			Executive team	Action

Analysis of the stage structure (see Table 67):

- Cycle 4 included all the PF stages.
- As a consequence of the company's maturation and raising institutional capital in 2013, more formality in management and corporate governance processes was introduced by the CEO (the driver and decision to form a strategy).
- The Board was enlarged with three additional NEDs and started to play an active

recommendation role in strategy formation. The BoD's involvement in strategy formation emulated the structure of cycle 3. The BoD had a recommendation role in strategy formation through interim (six-week), quarterly and annual meetings (the decision to form a strategy).

- The topics for discussion in quarterly meetings were set up in the interim meetings (preparation of strategy formulation).
- The CEO, supported by a C-suite member or a regional product director, depending on the topic discussed, prepared papers with a predefined structure in advance of the quarterly BoD meetings (data collection and analysis).
- Sometimes recommendations were already made to the BoD by the executive team; other times the purpose of the paper was to provide a context to the BoD to brainstorm and formulate a recommendation (strategic option formulation).
- Quarterly Board meetings were set up and strategic issues were discussed (strategic option evaluation).
- The Board discussed the recommendations and made recommendations to the executive team based on the papers received from the executive team (internal negotiation and selection of the final option).

Cycle features

- The same iterative stages were present as cycle 4 emulated the structure of cycle 3.
- The cycle lasted a few weeks, but no longer than three months.
- This cycle was repeated during the remainder of the researched period quarterly.

Table 68: AM template of company C – Cycle 4

				Cycle	4
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	General, simple	Strategy became general and followed a framework provided in Lencioni's book
2	Content	Integration	How tightly integrated should a good strategy be?	Portfolio of components	Strategy became more complex; it addressed various topics and comprised multiple components
3	Content	Novelty	How unique or novel should a good strategy be?	Generic, clearly defined	Strategy becomes clearly defined, with clear objectives
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Intended plans	Strategy was formed as a result of a conscious/intended decision and process
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Deliberate	There was control of the formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Rarely changing	Change continued to happened, but was less continuous and timed by the Board meetings
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Occasional	Change happened occasionally following the timing of the Board meetings
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	Learning continued to happen being sourced from the Board's knowledge
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO made a conscious decision to set up structured processes in response to company's maturation and raising institutional money
10	Process	Strategic thinking	How much strategic thinking do we want?	Thinking-dominant	The process was thinking-dominant, more focused on process than content
11	Process	Collective (central actors)	Who is the strategist?	Them	The participants in the process comprised the BoD members
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by the pace of technological changes
13	Context	Company size	How big is the company?	Medium	The company grew to become a medium sized company

Analysis of characteristics (see Table 68):

- Content complexity, integration and novelty: Strategy became more general, following a framework; it comprised a portfolio of components as more and diverse topics were addressed during the strategy formation conversations. The content became formalised and generic, and followed the same structure regularly.
- Process and content control: The process was structured and controlled (there were three types of Board meetings per year), and had a deliberate and intended content.
- Change presence, pattern and source: The change took place rarely and happened occasionally, driven by the timing of the BoD meetings. The source of change was learning.
- Strategic choice, thinking and process collective: The process was proactive and

had a thinking-dominant approach. The formation process included the participation of the BoD in strategy formation, alongside the executive team in cycle 3.

- Company environment and size: The environment remained dynamic, driven by technological changes. The company remained medium-sized.

5.3.2.4 Enablers and barriers

The following enablers and barriers related to the strategy formation process were identified:

Enablers

- structured, clear internal processes and forums to make the strategy formation happen
- relevant and new information to discuss during strategy formation processes
- clarity of strategy content and formation processes
- executive team's alignment in agreeing the strategy content and implementation
- alignment of the entire organisation to recognise and execute the agreed strategy
- access to capital to fund the company's growth and release management from the pressure of capital raising so that they can focus on strategy formation
- finding the right people to implement the agreed strategy: sometimes the executive team postponed the implementation of the strategy until the right people were available
- preserving the company's culture was underpinning the strategy formation process.

Barriers

- Extension of the time dedicated to strategy formation: an interviewee believed that two days would suit better than a day for a quarterly meeting. A day felt sometimes too short and like rushing through topics as it did not allow management time for overnight reflection.
- Turning management into a strategic mindset: some of the managers who attended the quarterly meetings recognised the value of the strategy formation process and

enjoyed it; others saw the value, but did not enjoy the process. They were rather distracted by day-to-day operational issues and short-term thinking.

- Convincing management to think in a structured way – asking management to adopt a strategic perspective was difficult when they focused on day-to-day issues. This is why a structured process for strategy formation was put in place by the CEO.

5.3.3 Conclusion

Similarly to companies A and B, strategy formation was dynamic and comprised four cycles. The number of the PF stages increased gradually from cycle 1 to 4.

Unlike companies A and B which were run by independent CEOs, company C was run by its founders. Therefore, cycle 1 did not focus on CEO's learning, but on founders' learning about making decisions in conditions of uncertainty. Founders' confidence in forming a strategy increased in cycle 2 as it was underpinned by the experience gained in cycle 1, real time information, and further analyses. CEO's learning about the company's business and markets was not necessary because the company C's founders ran the company themselves.

The maturation of the company and management, in conjunction with the incoming institutional shareholders, led to increased complexity and planning of strategy formation processes. This culminated in cycle 3, which represented the stabilisation of strategy formation and included all the PF stages. The main avenue of strategy formation was an offsite meeting with the participation of the executive team, preceded by weekly preparation meetings. The outcome of the offsite meeting was written and followed a predefined structure.

Cycle 4 was a corollary of cycle 3 and reflected BoD's involvement in the strategy formation process as a recommendation body. Cycle 3 and 4 took place sequentially and were repeated quarterly.

Similarly to companies A and B, the founders of company C used several management books to guide them throughout the organisation of the strategy formation process. They learned from the books that "strategy was secondary, organisational health was more important" although cycles 3 and 4 were planned and structured processes. This approach was relevant to dynamic, fast-paced sectors, where it was difficult to plan due to frequent technological changes.

Enablers and barriers related to strategy formation were identified. The strategy formation process increased executives' alignment to agree the strategy and the alignment of the entire organisation to subscribe to the agreed strategy. Furthermore, strategy was enabled by clear internal processes and forums for strategy formation.

5.4 Company D

5.4.1 Case study narrative

5.4.1.1 About the company

5.4.1.1.1 *Business description*

The company ("AT") is a leading developer and thought leader in connectivity solutions based in Cambridgeshire, UK. The company operates in information technology hardware and manufactures keyboard, video, mouse (KVM) controllers for PC and Mac computers, which can be switch and extension products. AT's products are distributed in more than 60 countries. The company has offices in the USA, UK, Germany, Holland, Spain, Sweden, China and Singapore.

Key company milestones:

- 1984: The company was set up by AD, a Cambridge University engineering graduate.
- 1985: The first electronic products such as printer switches were produced.
- 1987: ND, AD's brother, joined the company as Technology Director. The company was owned and run by AD, as the majority shareholder and CEO.
- 1994: The company was rebranded.
- 1996: AT extended and acquired its own building, which totalled 6000 sqf of industrial space together with the leased area.
- 1996: The company started to manufacture the first KVM switches.
- 2002: The first service office and a warehouse were opened in the USA
- 2003: The first over-the-internet protocol KVM switches were produced.
- 2007: The strategic decision to adopt a Tier 1 ERP control software was made.
- 2008: The first managed digital matrix KVM systems were produced.
- 2011: AT leased BHBP Unit 3, with spare 13,000 sqf.
- 2014: AT leased BHBP Units 5-6, adding 12,000 sqf.
- 2016: AT leased BHBP Unit 4, adding 6,000 sqf.

5.4.1.2 The strategy formation process

Company D met the high-growth SME criteria defined in the section 4.3.1 during 2005-16, as shown in Table 69.

Table 69: Revenue and headcount

EOY June	2005	06	07	08	09	10	11	12	13	14	15	16	2005-16 CAGR	Test CAGR
Revenue (£m)	4	4	5	10	10	12	14	16	16	18	20	22	19%	15%
Headcount (FTEs)	41	47	52	71	77	67	77	94	105	110	125	130	11%	20%

Source: Companies House

A few periods were distinguished in company's business and strategy development:

- Prior to 2005: The company discovered its core competence of KVM manufacturer. There was no formalised strategy formation.
- 2005-06: The company's growth slowed down and the founder took a conscious approach to look for the causes and remedies.
- 2007-08: The first signs of a formal strategy formation process emerged on the backdrop of the implementation of an ERP system to boost business growth.
- 2008-2015/6: Business's growth accelerated and the strategy formation process gradually evolved and increased in formality.
- 2015/16-present: The strategy formation process matured, fully emulating the PF structure.

5.4.1.2.1 *The period from the company's inception to 2005*

The company was started as a publishing house, then changed to designing and producing multiple switches to connect computers with printers. The product manufacturing was subcontracted to a local contractor while the final assembly was done by the company.

The year 1996 was pivotal as the company acquired 6,000 sqf of warehouse space and started the production of KVM switches. The opportunity to scale the manufacturing of KVM switches arose when AT won a large contract with RBS. After 1996 the company

experienced a high-growth period, reporting 40-50% annual revenue growth. The company started to open its own international offices for services and/or sales.

5.4.1.2.2 ***The period of 2005-6***

Until 2006 (inclusive) the management style was founder-centric. Key strategic, functional and operational decisions were solely made by the founder. In 2006 the founder-CEO realised that the company's growth was slowing down. An increasing amount of resources was required to generate diminishing incremental growth.

During most of 2006 the Head of Operations (COO) collected extensive data internally and subsequently conducted an ample analysis of the factors slowing the company's growth. He drafted a proposal on how to unlock growth.

The key findings were that the company had no planning, was reactive to market trends and client requests, and had little discipline in internal processes to manage growth and little correlation between operational expansion and business growth. The software systems had no planning functionality and were not fit for a big company. There was no forecasting habit in the business. In short, the business was run purely reactively.

The COO presented his findings to the CEO, who accepted the report recommendation of implementing an ERP system to plan and run company's activities in an integrated way. The CEO aimed to double the turnover and reach £10 million of revenue to deem the ERP project a success. To reach this ambitious revenue target and expand internationally, the company needed to change its incumbent software, which was taking increasing resources whilst generating diminishing growth.

5.4.1.2.3 ***The period of 2007-08***

In 2007 the first signs of a strategy formation process emerged on the backdrop of the slowdown of business growth. The CEO decided to establish a Strategic Management

Board ("SMB") in the second half of 2007, initially to discuss growth-related issues. The SMB included the CEO, the CTO, and the Sales, Operations and Finance Managers.

The SMB meetings engulfed the process of selection and implementation of an ERP system. The COO spent the first part of 2007 to analyse the approach to select and implement an ERP system. Identifying, selecting and implementing an ERP system was a complex and costly process. The justification of the expense and time investment in selecting an ERP system required clear definitions of return on investment and company's strategic goals.

The process of defining the strategic goals was owned and driven by the SMB, and a precursor of the ERP decision. In the second part of 2007 the SMB discussed and defined the strategic goals. It was the first time when the company discussed strategic goals.

This process comprised two days of SMB members' and additional managers' brainstorming. In the first day the SMB discussed the competences at which the company needed to excel to meet the strategic goals. The SMB defined and scored 'now and desired' strengths.

The brainstorming was followed by a day of review and adjustment. A 'heat map' of wants, needs, keeps and let-go's was formulated using the updated strategic goals. The map comprised the current strengths of company's performance compared to the strengths required to achieve the strategic goals as well as current strengths versus required strengths of key operating processes.

The 'heat map' became the project plan for the ERP system and was used to specify, measure and choose an ERP provider. New and challenging strategic goals were defined as a precursor to the ERP system selection in order to match the system choice with company's ambitions. Details on the choice and nature of the ERP system were defined during this process.

The enactment of the ERP system project was charged to the Operations Manager and took place in the last quarter of 2007 and beginning of 2008. The Operations Manager assembled a committee of key staff, including a representative of each department. This committee of key staff met for a day weekly to refine the architecture of internal processes and ERP specifications. External consultants were used to help with designing the specifications and shortlisting ERP providers. Eventually, the company decided to select Epicor's software and switched to the new software in March 2008.

The transition to the new software led to changes in company's internal processes and business modus operandi. The implementation of the ERP was modelled around processes and planning mechanisms that facilitated significant upscaling with clear processes and centralised control. The ERP determined a change in executive management's mindset from short to long term and a gradual change of the corporate culture from reactive to planning-orientated and proactive.

5.4.1.2.4 ***The period of 2008-15/16***

AT started to manufacture the first managed digital matrix KVM systems in 2008, which recognised a shift in the market from fixed cable solutions to flexible CATx cabling, modular systems and 'over-the-internet protocol' connectivity. The revenue doubled in 2009 due to the launch of the company's analogue matrix switch using CATx cabling and the ERP system, which substantially improved order fulfilment and win rates.

The company continued to grow at a fast pace. In CEO's view, AT's growth strategy revolved around the following pillars:

- reinvesting profits to continue steady, organic business growth, no external funding being required to fund the company's growth
- positioning the company as a top performer at the higher end of its market due to the high reliability and operating speed of its products, which allowed complex applications to run in real time even if the connected devices were physically remote

- consolidating the company's position in its current international markets and continuing to expand.

The company manufactured a wide product range as opposed to large competitors who often focused on a narrow product range. This allowed the company the flexibility to navigate a dynamic IT environment and have multiple touch points within the market.

The SMB continued to be the main management structure responsible for strategy formation. In the early days of the SMB, strategy formation was less formalised and had an opportunistic, event-driven character. The SMB meetings tended to focus on immediate matters rather than the long-term direction. Starting in 2008 the strategy formation process became gradually more formalised and structured.

As the business expanded, more formality was needed in order to give managers more delegation power and responsibilities. The top managers were appointed directors. Therefore, the SMB included: the Managing Director (the CEO), the Technology Director (the CTO), the Sales Director, the Operations Director and the Finance Director. An HR Advisor was sometimes invited to SMB meetings when staffing issues were discussed.

Formalisation took place in line with founders' learning about thinking strategically and expanding the business. Initially, the SMB meetings were organised on an ad hoc basis, every other month, with no predefined frequency. The meetings did not have a fixed date, usually the SMB members met when it was necessary. Starting in 2014 management set up fixed meeting dates. There were six SMB meetings annually.

The SMB meetings were held offsite to allow participants to detach from day-to-day tasks and give them mental space to think strategically and focus on mid-term goals. Bi-monthly meetings lasted half a day and took place in a hotel close to Cambridge.

In the early days of the SMB agendas were reactive, crisis-driven and focused on the problems of the day. They were usually agreed verbally among SMB members on an ad hoc basis on an SMB meeting day. However, more often, there were no written agendas.

Since 2014 the SMB has worked on the basis of an agenda drafted and circulated in advance.

As demands from the day-to-day business increased, the SMB recognised that setting formal agendas for bi-monthly meetings was critical to provide a balance between strategic and immediate thinking.

In the early days of the SMB the topics discussed were driven by the timing of the year when an SMB meeting took place. For example, if there was a budgeting time, the SMB would mainly discuss budgeting.

The selection of topics evolved gradually. Specific topics were highlighted for more detailed inputs or a key member of staff responsible for that topic was invited to attend the debate. The medium-term topics discussed usually covered:

- business development, such as markets where the company should operate, the company's positioning in those markets, developing business in new markets, entering international markets, resources to be allocated to new markets, and sales and distribution channels (i.e. through partners or direct sales) to be used in international markets
- staff recruitment
- development of the UK infrastructure.

Specific topics were frequently identified for presentation to the SMB. They were suggested by a company expert or an SMB member. Examples of topics included:

- Meeting inventory targets: This topic referred to the evaluation of the SMB's strategic goals, interpretation of the strategic goals in inventory terms, current best practices from similar industries, and process and cultural changes considered necessary. This topic was prepared and presented by the COO.
- Global approvals and compliance: The topic included an appraisal of the current approvals, costs and risks/consequences; geographic applicability; future direction

and nature; and alignment with SMB's strategic goals. This was prepared and presented by the Compliance and Quality Manager.

- How to make a big push with the creation of a product range in a short time.

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Example of a specific topic discussed in an SMB meeting

The topic of how to make a big push with the creation of a particular product range in a short time was approached as follows:

Related and relevant questions asked and discussed in the SMB meeting included a review of all markets where the company had the biggest impact with that product range:

- The USA market had the biggest impact and was a lead market, usually followed by other markets, especially in the broadcasting industry.
- Relevant questions raised:
    - How to develop the USA market?
    - What worked best historically in the USA?
    - How much money should be allocated? where should the funds of the marketing budget be allocated: exhibitions or advertising? (the exhibitions were the best push channel)

The SMB had inputs from the R&D, Marketing and Sales departments to answer those questions.

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Additionally, SMB's responsibilities included:

- budget approval although ultimately the budget was vetted by the founders
- approval of capital expenditure projects: "the control valve was to have a reasonable return" for any project, according to the CEO
- resource allocation
- setting and regulating the shape of the business by prioritising business areas where headcount and focus should be increased.

The bi-monthly SMB topics included short-term strategic battles and the interpretation of the strategic goals that needed to be given thinking in terms of implementation. The topics usually ranged between operational, short-term focused to long-term, strategic points.

In the early days of the SMB, there was no formal preparation of the SMB meetings. The participants relied on their market and company intelligence gathered from their work to discuss agenda topics. This changed gradually in line with the business expansion and advancement in management's strategic thinking. The latest management accounts prepared by the Finance Director started to be included in the materials for discussion at each SMB meeting. Additionally, presentations were prepared in advance if complex subjects were discussed or significant investment decisions were required from shareholders. Each SMB member assembled a pre-meeting report, including input from their subordinated managers. The report served as a reading prior to SMB meetings.

Meetings were conducted as open and free conversations as SMB members knew one another for a long time. There was no fixed time allocated to discuss a topic.

Decisions were made by consensus. Rarely, when members disagreed, the CEO made the final decision. If the SMB members did not have enough information to make a decision, they asked for additional information and revisited the topic, typically in follow-up meetings and not necessarily at the following SMB meeting.

The SMB meetings were followed up a week later by a one-hour meeting on a topic that needed to be actioned or ad hoc meetings driven by the urgency of the topic. Follow-up meetings were held in the boardroom of the company's main offices. Sometimes other employees relevant to the topic were invited to participate. The implementation of actions was followed up in subsequent SMB meetings.

In the early days of the SMB notes of the SMB meetings were not taken as the CEO thought that writing minutes would make the meetings too formal and would not do the team a service. He believed that meetings should have light agendas, if any, and there should not be any meeting notes as SMB members would not want to spend time reviewing the notes.

Starting in 2014, written outputs, including action points from follow-up discussions to SMB meetings, were introduced to serve as a reminder of the agreed actions and a record of the SMB discussions.

5.4.1.2.5 ***The period from 2015/16 to present***

Starting in 2015/16 the SMB meetings became more focused on strategy formation. The process of strategy formation changed with the introduction of the bi-weekly and quarterly SMB meetings.

Management discussed operational issues in the bi-weekly meetings. Quarterly meetings replaced bi-monthly meetings and became the main forum for strategy discussion and formation. Some of the changes were driven by two new SMB members who had a lot of experience from prior roles in technology and large businesses.

The SMB operated in the same structure of attendees until 2015. A new additional position of Engineering Vice-president was created in 2015 and someone was recruited externally. In 2016 the Sales Director took early retirement and was replaced by an external hire, who formerly worked for one of the company's large customers.

He brought an acute understanding and awareness of large corporates, and how they operate and decide partnerships with technology providers, such as AT. The Engineering Vice-president had a broad experience across venture capital-backed startups and large corporates. He helped AT to balance flexibility, which was a core strength of the company, with the need for more formality and process discipline.

Bi-weekly meetings

Prior to the initiation of the bi-weekly SMB meetings, the executive management had weekly meetings, which did not really work as they were only solving day-to-day problems. The bi-weekly SMB meetings were established in the second half of 2016 and

had an operational character. The meetings were important from a strategic point of view because they discussed operational issues and allowed management to focus on strategic topics at quarterly meetings.

The bi-weekly SMB meetings replaced the weekly meetings. The topics discussed ranged from daily to weekly or monthly topics. A bi-weekly SMB meeting usually lasted an hour. Short-term topics discussed in the bi-weekly meetings included staff issues, unavailable product stocks, and, more generally, how to help a process outside of the netty-gritty of the executive management's day-to-day tasks.

Quarterly SMB meetings

The driver to replace the bi-monthly with quarterly SMB meetings was the CEO's realisation that SMB members needed to detach from day-to-day tasks in order to think strategically and discuss company's long-term goals and significant ambitions. The SMB met quarterly to discuss strategic issues related to the company's medium to long-term development.

The success of the ERP system made the CEO realise that strategic thinking was positive for the company and the SMB should spend more time on thinking strategically. He gradually learned how to lead and take a strategic leadership role. Therefore, quarterly meetings were initiated as a result of founders' learning to think strategically.

Starting in 2016 the duration of a quarterly meeting was extended to a full day. Meetings were commonly held in a local hotel or university conference facilities, with no phones and access to computers, in order to force participants to think outside of their day-to-day tasks. This format was advised by the HR Advisor, who claimed that a change of venue would lead to a change in the SMB members' mindset.

Quarterly SMB meetings worked based on written agendas. Suggestions for an agenda were circulated in advance. An initial agenda proposed by the CEO or CTO was distributed to SMB members who made comments. A final agenda was circulated two-three weeks before a quarterly SMB meeting.

Quarterly SMB meetings had a strategy focus and discussed mid and long-term objectives for a three-year period, e.g. long-term product development. The meetings did not discuss any operational matters. As SMB's strategic thinking matured, agendas became forward thinking. "What-if" market hypotheses started to be discussed, and the SMB formulated and selected strategic options for the scenarios discussed.

The topics discussed varied and usually gravitated around the structure and size of the company's workforce, activities where to consider higher investment levels, areas where to limit or reduce investment, risks seen or perceived in customer or supply markets, and potential mitigation factors.

The topics suggested by SMB members related to their area of responsibilities and were aligned with company's strategy. Additionally, strategic decisions made in the previous year were revisited to monitor their implementation.

Presentations relevant to agenda topics were prepared in advance of the quarterly meetings. Most of the topics required prior preparation. Some of the topics were discussed directly in the meetings as management had sufficient knowledge and information to make decisions; other topics required a prior analysis.

An SMB member was responsible for drafting a paper on a topic related to his/her area of responsibilities and suggesting a recommendation for an action. The intention of the paper was to seek SMB's permission to action a recommendation, agreement on that recommendation, correction, or alternative suggestions for a recommendation. A financial summary of the company's trading was also prepared.

Quarterly meeting were conducted following the order on an agenda and chaired by the CEO. The strategic options were evaluated based on pre-prepared materials or SMB members' business knowledge. The selection of the final option was debated among SMB members and decisions were made by consensus. A follow-up reporting or justification was conducted if it was necessary.

The SMB's secretary took notes in every meeting. Full meeting notes were circulated to all SMB members. Some managers received redacted notes. The purpose of the notes was to communicate the outcomes of the SMB meetings to the wider organisation and monitor the implementation of the topics discussed.

The meeting notes of the SMB meetings were used to define a framework of topics to progress, monitor and follow up at subsequent SMB meetings. Additionally, the notes meant to create a true involvement and buy-in from key company thinkers.

The actions resulted from the quarterly SMB meetings were followed up in bi-weekly meetings provided they included a detailed action plan. Each major business area was distilled into specific goals, actions, KPIs and change-programmes to ensure alignment and delivery of the company's strategic goals.

Quarterly SMB meetings with broad participation

A quarterly SMB meeting where additional managers were invited to attend was organised in 2016 for the first time. The aim of the enlarged SMB meeting was to generate new ideas and achieve alignment of the strategic goals in a term longer than the usual horizon of the quarterly SMB meetings.

The SMB members always had a long-term thinking at the back of their minds; however, this was not formalised until a full day strategy offsite meeting with broader management participation was organised in 2016. A long-term strategy covering five to ten years was discussed in the enlarged offsite meeting.

There was no set revision time for the long-term plan. Management would revise it when they think the plan is no longer relevant or needs updating. As long-term strategy revision tends to be an annual matter, the CEO considered to repeat this type of quarterly SMB meeting with enlarged participation annually.

Other avenues for strategy formation

Functional strategy formation

The company had additional formal and informal meeting formats where employees discussed functional strategies.

An example of how the manufacturing strategy formation process interacted with the corporate strategy formation of the SMB meetings is provided below:

- The operations department had its own strategy meetings in which the operations team formed the manufacturing strategy based on the outcomes of the SMB meetings.
- The operations team set the requirements for manufacturing processes and systems and made forecasts considering SMB's guidance for growth.
- The issues discussed in operational meetings were normally elevated for discussion to SMB meetings by the COO.

The R&D and Marketing and Sales departments had their own functional strategy formation meetings. Those departments mainly focused on innovation and met to discuss the development of future products.

5.4.1.3 The role of strategy formation in achieving growth

The role of strategy formation in achieving growth was to guide management on how to run the business. It was ad hoc in the past and evolved over time. It became more formalised as the business expanded and management developed experience in thinking strategically.

The selection and implementation of an ERP system was a catalyst for growth as it forced the founders and management to change their mindset to a planning, forecast and long-term orientated thinking.

The connection between strategy and growth became more obvious with the launch of the SMB meetings. Before the SMB was established the sources of business growth originated

from technology developments and not necessarily from clearly defined strategic goals. Following the SMB's launch there was increasing clarity and focus on the mission and competences of the business.

A few external and market related factors were highlighted in relation to the company's growth:

- Technological development/disruption: There was uncertainty regarding the exact direction the computer marketplace would take. For example, the uptake of virtualisation changed the nature of the data centre market and a number of data centre-focused competitors shifted to environmental controls rather than KVM products.
- IT industry structural factors: Fashion-driven IT features have been fuelled by the level of capability of smart phones despite the majority of the market not being satisfied with such changes. Mission critical business IT tended to lag significantly behind the consumer and glossy fashion in IT.

5.4.2 Within - case analysis

5.4.2.1 Strategy mapping

The same research design as for companies A, B and C was followed for company D. The strategy map was populated with company's key events and activities during the researched period. Once the map was completed it was observed that company D's strategy formation process comprised four cycles (Table 70).

Table 70: Strategy map of company D

Data extracted from the case narrative								
Timeline	**Key company events**	**Strategy formation activities**	**Strategy implementation activities**	**Strategy content related to the process**	**PF stages recognised in company's processes**	**Strategy formation cycles**	**Cycle number**	**Commentary**
Company's inception to 2005		Founder-centric approach to running the company and strategic decisions, reactive to opportunities, not involving wider team; founders very much involved in operational decisions						Emergent strategy, reactive to internal and external factors
2005		Founders ran the business by reacting to external or internal factors			Drivers	Start of cycle as per the PF stages	1	Emergent strategy, reactive to internal and external factors
2005-6	Company's growth was slowing down	Company's growth was slowing down			Drivers		1	
2006		The COO started to collect data to find the causes of the growth's decrease			Collect information		1	
		The COO analysed data and found the causes of the growth's slowdown			Analyse information		1	
		The COO recommended that an ERP system would be implemented			Formulate strategic options		1	
		The CEO decided to follow the analysis conclusion to implement the ERP			Select the final option and implement	End of cycle as per the PF stages	1	
2007	CEO's decision to adopt an ERP control software	Company's growth slowed down, founders were faced with addressing this challenge. There was also CEO's strategic decision to adopt an ERP control software			Drivers	Start of cycle as per the PF stages	2	
2007	This prompted the CEO to think of setting up a formal management structure. The CEO decided to establish the Strategic Management Board (SMB) in the second half of 2007.	Founders made the strategic decision to set up the Strategic Management Board, which would meet to discuss the growth and other business issues.			Decide to form a strategy		2	
2007		The COO spent the first part of 2007 to think how to approach the ERP system selection.			Collect and analyse information		2	
2007	The selection of the ERP system required the definition of company's strategic goals. The direction of the process of setting the strategic goals as a pre-cursor of the ERP was owned and driven by the SMB.	The process comprised two days of brainstorming of the SMB members and other key managers.		The SMB discussed what was felt would be necessary to excel at in order to meet the strategic goals, scoring 'now and desired' strengths.	Formulate strategic options		2	
		The brainstorming of the SMB members and other key managers was followed by a day of review and adjustment.			Evaluate strategic options		2	Additional senior management member were brought on board of the SMB, such as: the Sales, Operations and Finance Managers besides the CEO and
		A 'Heat Map' was formulated using senior management's interpretation of strategic goals. This Heat Map was used to specify, measure and then choose the ERP system.		A 'Heat Map' of wants, needs, keeps and let-go's was formulated using updated strategic goals.	Select the final option			
Q4 07-Q1 08			The enactment of this plan was charged to the Operations Director		Implementation feedback followed by strategy revision/new strategy formation process	End of cycle as per the PF stages	2	

2008	ERP system became operational in March 2008						
2008	The SMB continued to be the main management structure responsible for strategy formation post ERP-implementation through SMB meetings. Formalisation occurred in line with the founder's maturation and learning to think strategically as well as business expansion.	The SMB continued to be the main management structure responsible for strategy formation post ERP-implementation through SMB meetings. Formalisation occurred in line with the founder's maturation and learning to think strategically as well as business expansion.		Drivers	Start of cycle as per the PF stages	3	SMB met on an ad hoc basis, initially aspiring to meet bi-monthly, and tended to focus on immediate matters rather than stepping back to look at long term direction and change.
2008	The first Managed Digital Matrix KVM system is produced						
2009	The launch of the company's Analogue Matrix Switch using CAT x which doubled revenue						
	The JV with A. was set up, then AT bought A. out and integrated it into its R&D function						
2011	AT leased BHBP Unit 3, with spare 13000 sqf, making the overall facility 30,000 sqf						
2014	The company leased BHBP Units 5-6, adding 12,000 sqf to its total facilities						
	Starting in 2014 the CEO-founder considered to set up specific dates for the SMB meetings. There were circa six SMB meetings set up every year.	Starting in 2014 the CEO-founder considered to set up specific dates for the SMB meetings. There were circa six SMB meetings set up every year.		Decide to form a strategy		3	
		Whereas in the past SMB agendas were set on the same day with the SMB meetings, starting in 2014 the SMB worked to pre-prepared agendas which were circulated in advance.	The topics covered: business development, staff recruitment, infrastructure development, budget, capital expenditure, and resource allocation. In general, the bi-monthly SMB topics included short-term strategic battles. The topics lied between operationally, immediate-term focused points and long-term strategic topics.	Preparation of strategy formation		3	Specific topics were frequently identified for presentation to the SMB, sometimes suggested by a company expert and sometimes by a SMB member.
		The latest management accounts prepared by the Finance Director started to be included in the materials for discussion at each SMB meeting.		Collect information		3	
		Presentations were prepared in advance if complex subjects were discussed or significant investment decisions were required from the shareholders.		Analyse information		3	
		Each SMB member assembled a pre-meeting report, involving input from their managers. This served as a pre-reading for the SMB meetings.		Formulate strategic options		3	
		The SMB meetings were conducted as open and free conversations as SMB members knew one another for a long time.		Evaluate strategic options		3	Bi-monthly usually lasted half a day and took place in a room at a hotel close to Cambridge and lasted half a day. There was no set time allocated to discuss a topic in a SMB meeting; the length of time to discuss a topic depended on demand.

		Decisions were made through consensus. Rarely when members did not agree, the MD had the final say.		Internal negotiation/authorisation		3	
		If SMB did not have enough information to make a decision, they asked for more information and revisited a topic. Sometimes, SMB meetings were followed-up a week later by an one-hour meeting on a specific topic discussed at SMB which needed to be actioned. The follow-up meetings were held in the boardroom of the company's main offices. Sometimes other employees relevant to the topics discussed were invited. The implementation of actions was followed up in subsequent SMB meetings.		Select the final option		3	
		Minutes of the meetings with action points were kept. A written output including action points from the discussions following a bi-monthly SMB meeting was introduced in 2014. A written output served, primarily, as a reminder of actions agreed and, secondarily, as a record of the SMB discussions.	Minutes of the meetings with action points were kept. A written output including action points from the discussions following a bi-monthly SMB meeting was introduced in 2014. A written output served, primarily, as a reminder of actions agreed and, secondarily, as a record of the SMB discussions.	Implementation feedback followed by strategy revision/new strategy formation process	End of cycle as per the PF stages	3	
2015	A new, additional SMB position for VP Engineering was created in 2015						
2016	Leased BHBP Unit 4, adding 6,000 sqf						
2016	The Sales Director took early retirement and has been replaced by NH who formerly worked for one of the company's larger customers						
2016	Quarterly one-day offsite strategy meetings have been introduced. The SMB met every quarter to discuss strategic issues related to the medium to long-term development of the company.	The SMB met regularly every quarter to discuss strategic issues related to the medium to long term development of the company. The quarterly meetings were initiated as a result of the founders' learning to think strategically. Some of the changes to SMB have evolved from the two new SMB members who between them had a lot of experience in technology and large businesses.		Drivers	Start of cycle as per the PF stages	4	
		The decision to set up quarterly SMB meetings was driven by the intention to take planned time to step back from the day to day and consider to discuss longer term goals, or more significant topics or ambitions for the business.		Decide to form a strategy		4	Starting 2016 the length of the quarterly meetings was extended to a full day of offsite meeting.
		All SMB quarterly meetings worked with written agendas. Suggestions for the agendas were circulated in advance and a short-list of topics was selected. Agendas were circulated two-three weeks before a quarterly SMB meeting. An initial agenda proposed by the CEO was distributed to SMB members who made their own suggestions of topics.	The topics suggested by SMB members were related to their area of responsibilities and sympathetic with the strategy of the company. They could also represent strategic decisions made a year ago revisited to check how they were taken forward.	Preparation of strategy formation		4	Quarterly SMB meetings had a strategy focus, "focused on the distance" (source: Head of Operations) and discussed mid and long-term objectives up to three years in the future, e.g. product development in the long term; they did not focus on operational matters at all.

		Materials were pre-prepared ahead of a quarterly SMB meeting and included presentations relevant to agenda topics. Each SMB member was responsible with the preparation of materials.			Collect information		4	
		Most of the topics for discussion in the quarterly meetings required prior preparation. Some topics were only debated in an SMB meeting as management had sufficient information without prior preparation; other topics require a pre-analysis to be conducted.			Analyse information		4	
		An SMB member was responsible with preparing a paper on a topic related to his/her area of responsibilities and make a recommendation for action. The intention was to seek permission to action the recommendation, to seek agreement from the SMB members that the recommendation was suitable, or to seek correction or alternative suggestions.			Formulate strategic options		4	
		The quarterly meeting were conducted following the order of the agenda topics and chaired by the CEO-founder. The strategic options were evaluated based on the pre-prepared materials or the knowledge of the SMB members.			Evaluate strategic options		4	
		The CEO-founder facilitated the conversation. The decisions were made by consensus.			Internal negotiation/authorisation		4	
		The selection of the final option was debated and decisions made by consensus. If necessary, a follow-up reporting or justification was conducted.		The purpose of the written output was to set out a framework of topics to progress, monitor, and follow up on at subsequent SMB meetings; and to create a true involvement and buy-in from key company thinkers. Each major area of the business distilled the SMB strategy into specific goals, actions, KPIs and change programmes – knowing that these align with and aid the delivery of the company's goals.	Select the final option		4	The PA to the SMB took notes in every meeting. The un-redacted notes from the quarterly meetings were circulated to all SMB members.
		There was no revision time for the long term plan set. Management would revise it when they think the plan would no longer be relevant or would need updating. As long-term strategy revision tended to be an annual matter, the CEO considered to repeat this type of quarterly SMB meeting with broader participation on an annual basis.	The actions from quarterly meetings were followed up in the bi-weekly meetings if they included a detailed action plan in the next steps.		Implementation feedback followed by strategy revision/new strategy formation process		4	The purpose of the notes was to communicate the outcome of SMB meetings and keep track of topics discussed for follow-up.
	A new type of SMB meetings was introduced: bi-weekly meetings. They allowed the management to discuss operational issues whilst the quarterly became the main forum for strategy discussion and formation.			Short-term topics discussed in the bi-weekly meetings included: staff issues, products not being available in stock, and, more generally, how to help a process `outside of the netty-gritty of the daily tasks.	Implementation feedback followed by strategy revision/new strategy formation process	End of cycle as per the PF stages	4	

5.4.2.2 Strategy patterning

The activities from the strategy map column “Strategy formation activities” were arranged in the PF and AM templates by cycle. The PF and AM template questions were answered based on the information from the strategy map and company D’s case narrative.

5.4.2.3 Within-case analysis findings

Following the data analysis performed in the previous stages the following within-case findings were identified:

Cycle 1

Table 71: PF template of company D – Cycle 1

		Cycle	1						
	a Stages of the Preliminary Framework ('PF')	b Timeline	c Description of activity	d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yes at (e), for how long was the action repeated?	h If yes at (d), who performed the action?	i If yes at (d), in what format/form was the action performed?
1	**Drivers**	2005	Company's growth slowed down	y	n				na
2	**Decision to form a strategy**			n					
3	**Preparation of strategy formation**			n					
4	**Data collection**	2006	The COO collected data to conduct an analysis of the causes of growth's slowdown	y	y	Daily or very frequent	Continuous for c.12 months	COO	na
5	**Data analysis**		The COO was tasked with conducting an analysis of the causes of growth slowdown. He collected and analysed data and found the causes of growth slow down	y	y	Daily or very frequent	Continuous for c.12 months	COO	Written output
6	**Formulation of strategic options**		The CEO-founder had response-event reaction	y	y	Daily or very frequent	Continuous for c.12 months	CEO-founder	
7	**Evaluation of strategic options**			n					
8	**Internal negotiation/authorisation**			n					
9	**Selection of final option**		The CEO decided what needed to be done, including making the decision to implement an ERP system	y	y	Daily or very frequent	Continuous for c.12 months	CEO-founder	Decision
10	**Implementation feedback followed by strategy revision/new strategy formation process**	2006	Implementation of the decisions made	y	y	Daily or very frequent		CEO-founder	Action

Analysis of the stage structure (see Table 71):

- The cycle included the following stages: drivers, data collection and analysis, formulation of strategic options, selection of the final option, and implementation.
- The strategy formation from company's inception until 2006 was entirely the founder-CEO's realm. The founder was involved in making and executing strategic and operational decisions. This strategy emulated an event-response pattern of actions or an emergent strategy.
- Management was not involved in making any strategic decision. This led

sometimes to misunderstanding of the CEO's decisions and company's strategic direction.

- The strategy formation lacked a structure, was emergent, informal, short-term orientated and reactive to external factors, such as market dynamics and client demands.
- On this backdrop, the company's growth slowed down. The founder-CEO faced the challenge of reversing this trend (drivers).
- In 2006 the CEO tasked the COO with collecting information and conducting a detailed analysis of the causes of the growth slowdown (data collection and analysis).
- The formulation of strategic options was founder-centric and reactive to internal or external factors.
- The CEO decided what needed to be done and acted on the decisions (selection of the final option and implementation).

Cycle features

- All stages of cycle 1, with the exception of the drivers, were iterative and carried in a continuous event-response pattern of actions.
- This cycle was one-off and lasted circa 12 months.

Table 72: AM template of company D – Cycle 1

				Cycle	1
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	Specific, nuanced	Specific as the CEO responded to external and internal factors
2	Content	Integration	How tightly integrated should a good strategy be?	One strategy	There was only one strategy, and no distinction between corporate, business and functional strategies
3	Content	Novelty	How unique or novel should a good strategy be?	Unique	Strategy was created by one person (the CEO) as a result of a personalised process
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Realised patterns	There were no predefined activities
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Emergent	There was no control of the strategy formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Continuous change	Change was continuous given CEO's even-response pattern of actions
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Incremental	Change was incremental driven by CEO's learning to deal with company's issues
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Learning easily	Learning was determined by external and internal factors
9	Process	Strategic choice	How much [strategic choice is out there]?	Reactive	Strategy was reactive, in response to external and internal factors
10	Process	Strategic thinking	How much strategic thinking do we want?	Acting-dominant	The CEO acted on the business priorities
11	Process	Collective (central actors)	Who is the strategist?	He	The CEO was the main strategist
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by technological development/disruption
13	Context	Company size	How big is the company?	Small	The company was small-sized according to the SME criteria

Analysis of characteristics (see Table 72):

- Content complexity, integration, novelty: The strategy content was specific and unique driven by the CEO's response to external or internal stimuli; there was one strategy and no distinction among corporate, business and functional strategies.
- Process and content related control: The strategy consisted in realised patterns of actions as there were no predefined activities. It was also emergent as there was no control of the strategy formation process.
- Change presence, pattern and source: Change was continuous, given CEO's event-response pattern of actions, and incremental, driven by CEO's learning to deal with company's issues. The founder was learning easily, given his continuous response

to external and internal factors.

- Strategic choice, strategic thinking and process collective: Strategy was reactive, in response to external or internal factors, and acting-dominant as there was no predetermined process to create a strategy. The strategy formation process was CEO-centric. The CEO was the main strategist and supported by the COO who collected data and conducted an analysis of company's growth.
- Company environment and size: Company's environment was dynamic/complex driven by technological development. The company was small-sized according to the SME definition criteria.

Cycle 2

Table 73: PF template of company D – Cycle 2

		Cycle	2						
	a Stages of the Preliminary Framework ('PF')	b Timeline	c Description of activity	d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yes at (e), for how long was the action repeated?	h If yes at (d), who performed the action?	i If yes at (d), in what format/form was the action performed?
1	**Drivers**	2007	Company's growth was slowing down, founders were faced with acting to reverse this trend by implementing an ERP system	y	n			CEO-founder	
2	**Decision to form a strategy**	2007	The founder made the strategic decision to set up the Strategic Management Board, which would meet to discuss business growth and other business-related issues	y	n			CEO-founder	Decision
3	**Preparation of strategy formation**			n					
4	**Data collection**	2007	The COO spent the first part of 2007 to think how to approach the ERP system selection, collecting data in order to conduct an analysis.	y	y	Continuous	Six months	COO	na
5	**Data analysis**	2007	The COO spent the first part of 2007 to think how to approach the ERP system selection and conducted an analysis.	y	y	Continuous	Six months	COO	Paper (written analysis)
6	**Formulation of strategic options**	2007	The selection of the ERP system required the definition of company's strategic goals by the SMB. The SMB members and other key managers discussed at which competences the company needed to excel in order to meet the strategic goals, formulating 'now' and 'desired' strengths.	y	n			SMB and other managers	Meeting and brainstorming
7	**Evaluation of strategic options**	2007	The brainstorming was followed by a day of review and adjustment.	y	n			SMB and other managers	Meeting and brainstorming
8	**Internal negotiation/authorisation**			n					
9	**Selection of final option**	2007	A 'Heat Map' was formulated using senior management's interpretation of the strategic goals. This Heat Map was used to specify, measure and choose the ERP system.	y	n			SMB	A written document
10	**Implementation feedback followed by strategy revision/new strategy formation process**	4Q07-1Q08	The enactment of this plan was charged to the Operations Director and took place in the last quarter of 2007 and beginning of 2008.	y	n			COO	Action/Revision

Analysis of the stage structure (see Table 73):

- The cycle structure included the following PF stages: drivers, decision to form a strategy, data collection and analysis, formulation of strategic options, evaluation and selection of the final option, and feedback implementation/revision.
- The founder-CEO followed COO's recommendation to implement an ERP system to unlock company's growth and reach the £10 million revenue target (drivers).
- The CEO decided to set up the Strategic Management Board (SMB) as a forum to discuss operational issues, including the challenges with company's growth

slowdown. The selection of the ERP system translated into SMB's strategic goal-setting. It was the first time when the company went through a strategy formation process (decision to form a strategy).

- The COO spent the first part of 2007 thinking of the approach to select the ERP system (data collection and analysis).
- The selection of the ERP system required the definition of company's strategic goals. This was a full-day process of brainstorming of the SMB and other key managers. The SMB discussed company's competences required to meet the strategic goals. The competences were divided in 'now strengths', which reflected short-term requirements for the business, and 'desired strengths', which represented desirable competences (formulation of strategic options).
- The SMB reviewed and adjusted the competences the following day (evaluation of strategic options).
- The SMB selected the final strategic option and summarised it in a 'heat map', which included the strategic goals and associated parameters defined to frame the selection of the ERP system (selection of the final option).
- The COO implemented the selection the ERP system in the last quarter of 2007 and at the beginning of 2008 (implementation feedback/strategy revision).

Cycle features

- The cycle took place from 2006 to the beginning of 2008.
- Data collection and analysis were iterative stages as they took place for six months.
- The cycle was one-off.

Table 74: AM template of company D – Cycle 2

				Cycle	2
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	Mix	Strategy became more general than in Cycle 1 as it was the result of a strategy formation process
2	Content	Integration	How tightly integrated should a good strategy be?	One strategy	There was only one strategy, and no distinction between corporate, business and functional strategies
3	Content	Novelty	How unique or novel should a good strategy be?	Unique	Unique as created by the SMB and as a result of a specific process driven by the selection of an ERP process
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Mix	Strategy formation started to include elements of intended plans
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Mix	There was some control of the strategy formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Mix	Change was driven by the implementation of the strategy agreed
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Mix	Change was driven by SMB's maturation to think strategically
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	Learning (maturation of CEO's strategic thinking) continued, but was less intense than in cycle 1
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO decided to form a strategy to address the slowdown of company's growth
10	Process	Strategic thinking	How much strategic thinking do we want?	Mix	There were thinking elements embedded in the first SMB meeting; however, the strategy was not thinking-dominant
11	Process	Collective (central actors)	Who is the strategist?	Them, but centred on him	The SMB formed the strategy, but the CEO remained a key actor
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by technological development/disruption
13	Context	Company size	How big is the company?	Small	The company was small-sized according to the SME criteria

Analysis of characteristics (see Table 74):

- Content complexity, integration, novelty: The strategy content created for the first time through the strategy formation process of the SMB was unique and the result of a specific process driven by the selection of an ERP system. Strategy became more general than in cycle 1 as it was the result of a strategy formation process. There was one strategy and no distinction among corporate, business and functional strategies.
- Process and content related control: Strategy formation transitioned from emergent in cycle 1 to a mixed process, with elements of intended plans and some content control.

- Change presence, pattern and source: Change was present and driven by the implementation of the strategy agreed in the SMB meeting. The pace of change was dictated by the CEO's maturation to think strategically. In this context, CEO's learning (maturation of strategic thinking) continued, but was less intense than in cycle 1.
- Strategic choice, strategic thinking and process collective: Strategy was proactive as the CEO made the conscious decision to form a strategy to address the slowdown of company's growth. The strategy process was balanced between acting and thinking-dominant as there were some thinking elements related to SMB's formulation of the strategic goals; however, part of the strategy formation remained intuitive and acting-driven. Although the SMB formed a strategy, the CEO-founder remained a key actor in decision making.
- Company environment and size: The same characteristics as for cycle 1 remain valid.

Cycle 3

Table 75: PF template of company D – Cycle 3

	a Stages of the Preliminary Framework ('PF')	Cycle 3 b Timeline	c Description of activity	d Was the stage of the PF present?	e If yes at (d), was the action of the stage iterative?	f If yes at (e), how frequent was the action?	g If yes at (e), for how long was the action repeated?	h If yes at (d), who performed the action?	i If yes at (d), in what format/form was the action performed?
1	**Drivers**	From 2008	The SMB continued to be the main management structure responsible for strategy formation through SMB meetings following the successful growth driven by the ERP system.	y	n			CEO	na
2	**Decision to form a strategy**		Formalisation took place in line with the founder's maturation of thinking strategically. Starting in 2014 the founder set up specific dates for six SMB meetings per year.	y	n			CEO	Decision
3	**Preparation of strategy formation**		Whereas in the past agendas were set on the same day with the SMB meetings, starting in 2014 the SMB worked on the basis of pre-prepared agendas which were circulated in advance.	y	n				
4	**Data collection**		The latest management accounts prepared by the Finance Director started to be included in the materials for discussion at each SMB meeting.	y	y	continuous	a few weeks	SMB	na
5	**Data analysis**		The presentations for the SMB were prepared in advance if complex subjects were discussed or significant investment decisions were required from the shareholders.	y	y	continuous	a few weeks	SMB	na
6	**Formulation of strategic options**		Each SMB member assembled a pre-meeting report involving input from his/her managers.	y	y	continuous	a few weeks	SMB	Written document
7	**Evaluation of strategic options**		Meetings were conducted as open and free conversations. If SMB members did not have enough information to make a decision, they asked for more information and revisited a topic.	y	n			SMB	0.5 days workshop outside company's offices
8	**Internal negotiation/authorisation**		Decisions were made through consensus. Rarely when members did not agree, the MD had the final say.	y	n			SMB	0.5 days workshop outside company's offices
9	**Selection of final option**		If the SMB did not have enough information to make a decision, they asked for more information and revisited a topic. A written output including action points from the discussions following a bi-monthly SMB meeting was introduced in 2014.	y	n			SMB	A written document
10	**Implementation feedback followed by strategy revision/new strategy formation process**		Sometimes, the SMB meetings were followed up a week later by an hour meeting on a specific topic discussed by the SMB which needed to be actioned. The follow-up meetings were held in the boardroom of the company's main offices.	y	n			CEO and relevant SMB member	Follow-up meeting at company's offices/Revision

Analysis of the stage structure (see Table 75):

- This cycle included all the PF stages.
- The SMB meetings became the main forum of strategy formation. This role was strengthened by the successful implementation of the ERP system (drivers).
- At the beginning the meetings took place on an ad hoc basis, with no formal agenda and no set frequency. Given the increasing demands of the day-to-day business on the SMB members, it became evident that setting fixed dates for the bi-monthly

SMB meetings was critical to provide due balance between strategic and short-term thinking (decision to form a strategy).

- This formalisation was gradual and developed in line with the founder's learning to think strategically. Starting in 2014 the CEO decided that the SMB meetings would take place on fixed dates, six times a year, and with pre-agreed agendas (strategy preparation).
- The SMB members prepared information and reports in advance of the SMB meetings. The reports included company's latest management accounts and presentation-analyses if significant investment decisions were required from the shareholders (data collection, data analysis and formulation of strategic options).
- The SMB meetings continued to be conducted as open conversations and decisions were made by consensus. If the SMB members did not have enough information to make a decision, they revisited the topic at a future SMB meeting or in a separate follow-up meeting. Rarely, when consensus could not be reached the ultimate decision maker was the CEO. Written meeting notes on the decisions made and action points were kept starting in 2014 (evaluation of strategic options, internal negotiation/authorisation and selection of the final option).
- Sometimes an SMB meeting was followed up by a much shorter operational meeting focused on the implementation of a decision made at a prior SMB meeting when an action plan on implementation needed to be discussed (implementation feedback followed by strategy revision/new strategy formation process).

Cycle features

- The cycle included three iterative stages: data collection, data analysis and the formulation of strategic options. All stages were repeated for a period of several weeks.
- The cycle was recurring. It took place bi-monthly and was refined gradually from 2008 to 2015/16.

Table 76: AM template of company D – Cycle 3

				Cycle	3
	Strategy dimension	Characteristic	Question(s)	Value attributed	Explanation
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	General, simple	Strategy had a formalised output and followed a predefined process
2	Content	Integration	How tightly integrated should a good strategy be?	Portfolio of components	Functional strategies (e.g. manufacturing, R&D) were mentioned
3	Content	Novelty	How unique or novel should a good strategy be?	Mix	Strategy becomes more clearly defined with clearer objectives; the strategy remained a gradual process though
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Intended	Strategy was formed as a result of a conscious/intended decision and process
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Deliberate	There was control of the formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Rarely changing	There was less change than in the previous cycles and was driven by the strategy formation process dynamics
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Occasional	Change happened occasionally driven by the SMB meetings
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	Learning continued, but decreased; SMB's strategic thinking continued to mature
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	The CEO decided to set up fixed dates for the SMB meetings and increase formalisation as strategy formation proved to be positively impact business growth
10	Process	Strategic thinking	How much strategic thinking do we want?	Thinking-dominant	There was a clearly structured process dedicated to strategy formation
11	Process	Collective (central actors)	Who is the strategist?	Them	The SMB formed the strategy, the opinions of the SMB members became stronger and more vocal than the CEO's dominant stance in the previous cycles
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by technological development/disruption
13	Context	Company size	How big is the company?	Medium	The company was medium-sized according to the SME criteria

Analysis of characteristics (see Table 76):

- Content complexity, integration and novelty: Starting in cycle 3 the strategy became more general and predefined although the increase in clarity took place gradually. Strategy evolved to a portfolio of components as interviewees mentioned the existence of functional strategies, e.g. manufacturing and R&D strategies.
- Process and content related control: Strategy was intended and deliberate as it was the result of a deliberate decision and process, which took place in a controlled manner.
- Change presence, pattern and source: Change was occasional as the company's strategy processes were more stable. It was driven by the timing of the SMB

meetings. Learning continued to happen timed by the SMB meetings.

- Strategic choice, strategic thinking and process collective: Strategy was proactive, stimulated by CEO's willingness to grow the business and set up more formalism in the SMB meetings. Strategy was also thinking-dominant as there was a process devoted to strategy formation. The SMB formed the strategy and the opinions of the SMB members became stronger and considered by the CEO-founder.
- Company environment and size: The environment continued to be dynamic/complex driven by technology disruption. The company increased to medium-sized.

Cycle 4

Table 77: PF template of company D – Cycle 4

	a Stages of the Preliminary Framework ('PF')	Cycle 4 Timeline	Description of activity	Was the stage of the PF present?	If yes at (d), was the action of the stage iterative?	If yes at (e), how frequent was the action?	If yes at (e), for how long was the action repeated?	If yes at (d), who performed the action?	If yes at (d), in what format/form was the action performed?
1	**Drivers**	Start of 2016 Q1	The SMB met quarterly to discuss strategic issues related to the medium to long-term development of the company. The meetings were initiated as a result of the founders' learning process to think strategically. Some of the changes to the SMB stem from two new very experienced SMB members.	y	n			MD	na
2	**Decision to form a strategy**	2016 Q1	The decision to set up quarterly SMB meetings was driven by the intention to take planned time to step back from daily tasks and consider long-term goals and major business ambitions.	y	n			MD	Decision
3	**Preparation of strategy formation**	2016 Q1	All SMB quarterly meetings worked with written agendas. Agendas were circulated two-three weeks before a quarterly SMB meeting. An initial agenda proposed by the CEO was distributed to SMB members who made their own suggestions of topics.	y	n			SMB	Written agendas
4	**Data collection**	2016 Q1	Materials were pre-prepared ahead of a quarterly SMB meeting and included presentations relevant to agenda topics. Each SMB member was responsible with the preparation of materials.	y	y	continuous	a few weeks	SMB	Short presentations
5	**Data analysis**	2016 Q1	Most of the topics for discussion in the quarterly meetings required prior preparation.	y	y	continuous	a few weeks	SMB	Short presentations
6	**Formulation of strategic options**	2016 Q1	An SMB member was responsible with preparing a paper on a topic related to his/her area of responsibilities and make a recommendation for action.	y	y	continuous	a few weeks	SMB	Short presentations
7	**Evaluation of strategic options**	2016 Q1	The quarterly meetings were conducted following the order of the agenda topics and chaired by the CEO-founder. The strategic options were evaluated based on the pre-prepared materials or the knowledge of the SMB members.	y	n			SMB	Offsite meeting, brainstorming
8	**Internal negotiation/authorisation**	2016 Q1	The CEO-founder facilitated the conversation. The decisions were made by consensus.	y	n			SMB	Offsite meeting, brainstorming
9	**Selection of final option**	2016 Q1	The selection of the final option was debated and decisions made by consensus. If necessary, a follow-up reporting or justification was conducted.	y	n			SMB	A written document
10	**Implementation feedback followed by strategy revision/new strategy formation process**	End of 2016 Q1	There was no revision time for the long term plan set. Management would revise it when they think the plan would no longer be relevant or would need updating. The CEO considered to repeat this type of quarterly SMB meeting with broader participation annually.	y	n			CEO and relevant SMB members	Meeting at company's offices/Revision

Analysis of the stage structure (see Table 77):

- The structure of the cycle emulated the PF and included all the stages.
- The years 2015-16 marked a turning point in the strategy formation process. The recruitment of two new experienced SMB members drove some of the changes to the organisation of the SMB meetings (drivers). In 2016 one of the quarterly SMB meetings involved broader participation as additional managers were invited. The purpose of this meeting was to refine or re-set key strategic goals.
- The CEO realised that the SMB members had to detach from a day-to-day mindset to think strategically in the long term. Therefore, he decided to replace the bi-

monthly with quarterly SMB meetings and extend the duration of an SMB meeting to a full offsite day to allow the SMB members to switch to a strategic mindset and discuss long-term goals, and more significant topics or ambitions for the business. (decision to form a strategy).

- The quarterly SMB meetings were conducted based on agendas agreed in advance. An initial agenda proposed by the founder was distributed to SMB members who made their own topic suggestions. A final agenda was circulated two weeks prior to a quarterly SMB meeting (preparation of strategy formation).
- Most of the topics for discussion in the quarterly SMB meetings required prior preparation work and pre-analysis. Each SMB member prepared a presentation relevant to an agenda topic and related to his/her area of responsibilities, and formulated a recommendation for an action. The topics discussed covered a time horizon of three to ten years and included 'what-if' scenarios, significant investments, expansion into new markets, business growth in existing markets, and the size and structure of the company (data collection, data analysis and formulation of strategic options).
- The SMB evaluated the strategic options based on the analysis included in the presentations and their knowledge of the company's business and markets. When a quarterly SMB meeting took place, key strategic goals and proposed actions were discussed (evaluation of strategic options).
- The selection of the final options was the result of the conversation of the SMB members. A final decision was made by consensus. A follow-up report or justification note was drafted if necessary. Written notes were taken during each SMB meeting. The purpose of the written notes was to establish a framework of topics to progress, monitor and follow up in subsequent SMB meetings as well as to create a true involvement of key company thinkers (internal negotiation/authorisation and selection of the final option).
- The decisions agreed in quarterly meetings were followed up in bi-weekly meetings if they included a detailed action plan. There was no set revision time for the ten-year strategic plan. Management would revise it when they think the plan would no longer be relevant or would need updating. As long-term strategy revision tended

to be an annual matter, the CEO considered to repeat this type of quarterly SMB meeting with broader participation annually (implementation feedback followed by strategy revision/new strategy formation process).

Cycle features

- The cycle included the same iterative stages of data collection, data analysis and formulation of strategic options as cycle 3.
- The cycle was recurring; it took place quarterly from 2015-16 to present.

Table 78: AM template of company D – Cycle 4

				Cycle	4
	Strategy dimension	**Characteristic**	**Question(s)**	**Value attributed**	**Explanation**
1	Content	Complexity	How elaborate, how nuanced a strategy content should be?	General, simple	Strategy had a formalised output and followed a predefined process
2	Content	Integration	How tightly integrated should a good strategy be?	Portfolio of components	Functional strategies (e.g. manufacturing, R&D) were mentioned
3	Content	Novelty	How unique or novel should a good strategy be?	Generic, clearly defined	Strategy becomes clearly defined and long-term orientated
4	Process	Content-related control	How deliberate or emergent should an effective strategy-formation process be […]?	Intended	Strategy was formed as a result of a conscious/intended decision and process
5	Process	Process-related control	To what extent is there a need for a priori control as opposed to a posteriori learning?	Deliberate	There was control of the formation process
6	Process	Presence of change	How do strategists reconcile the conflicting forces for change and for stability?	Rarely changing	The strategy formation process stabilised and there was little change
7	Process	Pattern or pace of change	How do organisations change? How does change take place?	Occasional	Change happened occasionally driven by the timing of the SMB meetings
8	Process	Source of change	Where do new strategies come from?", in the sense of what is the source of learning and how much do organisations learn?	Mix	Learning continued but was driven the strategy maturation learning acquired during SMB meetings
9	Process	Strategic choice	How much [strategic choice is out there]?	Proactive	SMB became more savvy and mature in their strategic thinking
10	Process	Strategic thinking	How much strategic thinking do we want?	Thinking-dominant	There was a clearly structured process dedicated to strategy formation
11	Process	Collective (central actors)	Who is the strategist?	Them	The SMB expanded and additional managers were invited to SMB meetings annually
12	Context	External environment	How dynamic or stable is the environment?	Dynamic/complex	A dynamic environment driven by technological development/disruption
13	Context	Company size	How big is the company?	Medium	The company was medium-sized according to the SME criteria

Analysis of characteristics (see Table 78):

- Content complexity, integration and novelty: The strategy was general, and had a formalised output and clearly defined long-term objectives. The strategy was a

portfolio as the outcomes of the functional strategies fed into the SMB strategy formation process.

- Process and content related control: Strategy was intended and deliberate, and formed as the result of a deliberate decision; it was a controlled formation process.
- Change presence, pattern and source: As strategy formalisation increased, change happened occasionally and was driven by the strategy approved in the SMB meetings. Learning continued in line with the timing of the SMB meetings.
- Strategic choice, thinking and process collective: The strategy formation became proactive as the SMB matured in thinking strategically. Strategy was thinking-dominant because there was a process of deep thinking, involving scenarios and long-term thinking devoted to the strategy process. The SMB expanded and additional managers were invited to SMB meetings annually.
- Company environment and size: The same dynamic environment, driven by technological development/disruption maintained. The company continued to be medium-sized.

5.4.2.4 Enablers and barriers related to strategy formation

The following enablers and barriers were identified during interviews:

Enablers

- The establishment of the SMB drove a change of management's style of running strategy formation from a centrally-controlled strategy to core principles, distilled into programmes of action and implementation by management. This instilled alignment at all levels in the company, and ensured that the strategy was communicated throughout the organisation and translated into specific implementation actions.
- The pressure on the company from its own ambitious growth targets forced changes in the management style, placing higher emphasis on formulating a strategy and using management to enact it.
- The CEO's management style changed to unlock the other SMB members' and managers' access to strategy formation and allow them to focus their expertise to work

towards the same goals. The founders learned how to ask a question to functional managers.

- The strategy formation enhanced the trust between founders and management, and stimulated more delegation and transparency in the communication of strategic goals at all levels. For example:
    - The product life cycle management included activities from initial product research to forecast, launch, maturity, decline, and end of life. Processes and systems were created to identify, quantify and initiate those phases without SMB's detailed involvement. The management of product lifecycles had been previously a task personally attended by the CEO.
    - Forecasting a product's launch, life cycle, inventory level and supply chain risks were conducted by a sales and operations planning group, which had clear goals and aspirations that they had to deliver within various constraints. In the past this activity was personally managed by the CEO.
- Having no external shareholders or investors meant that the company was free to choose its development direction, nature of investments and timescales. This provided flexibility in strategy formation because no external shareholders imposed governance constraints and their own strategic views and agendas.
- A key enabler of AT's strategy formation process was the founders' and SMB members' willingness to listen to other team members, have a good team work and a collaborative approach to decision making.
- The strategy formation process taught the SMB to raise questions on investment areas and priorities; resource allocation; key competences; and the required strengths of the engineering, sales, and manufacturing teams to achieve the strategic goals. Those became clear choices as a result of the SMB processes.
- The SMB's meetings brought more business-like thinking in the management of the business. SMB's decisions used to be more opportunistic in the past whereas at present SMB is more business focussed and opportunities are more thoroughly assessed before they are pursued. This led to greater successes and stimulated further strategic thinking. At present, when SMB members pursue an opportunity, they ask themselves: what does the opportunity mean in relation to the set strategy, what is the return, whether it takes

the company closer to achieving its strategic goals, and whether it opens new connections or new customer routes.

Barriers

- The judgement process of the SMB to make investment decisions and take responsibility for associated risks evolved. The SMB understood that simply operating in the IT industry carried risk from action or inaction alike. There was no appetite to take the high risk strategy of a VC-funded startup; however, the IT industry did have a real momentum and some risk was required in order to keep the momentum. A desire to understand the risks attendant with any technology development or market shift before taking investment risks was required.
- As the SMB pushed forward the company's ambitious growth targets, the extended organisation had to be mentored, taught or changed in order to meet management's aspirations and implement SMB's decisions. To a lesser extent, the SMB members had to adjust to change themselves.
- Sometimes there was a tendency to debate too much in the SMB meetings and not to reach clearly, implementable conclusions; other times the same subject was debated repeatedly. This was caused by exploring opportunities and risks, or by not reaching or stating decisions adequately well, and finding that the wider company did not follow through on implementation.
- SMB's thinking was constrained by the personal experience and knowledge base of a small group of people (i.e. the SMB members), which was narrower than that of a large group.
- The notes of quarterly meetings were not exploited sufficiently and distilled into implementation plans. The SMB team made a lot of progress with learning how to form a strategy and talking about what they would like to achieve in terms of company culture, ideals, and changes in the markets. However, sometimes the notes remained high-level discussions and further progress was required to translate them into sufficiently detailed action points to be implemented and followed up in bi-weekly meetings, and to connect the strategic thinking to tactical actions.

5.4.3 Conclusion

The within-case analysis of company D mirrored the findings of the previous study cases. Strategy formation was an evolving process which comprised four cycles. The structure and level of formalisation of the strategy formation process developed in line with the founders' maturation of strategic thinking.

The strategy formation process stabilised in cycle 4; however, the period taken to reach the stabilisation was longer than at the other case companies. This might be explained by the fact that company D continued to be entirely founder-owned and managed during the researched period. There was no interference or pressure for formalisation from an external shareholder as was the case for the other companies. This is also the reason why company D did not have a BoD structure; instead the founder set up a board made only of management executives which was the main strategy formation forum.

A number of enablers and barriers were identified. Some of them converged with the existing literature; others were newly identified factors, of which several were specific to company's high-paced sector. Similarly to the other case companies, strategy formation increased executive management members' bonding. The executive managers also became more mature and developed a strategic mindset. Strategy formation impacted company's growth positively as it was recognised by interviewees.

5.5 Chapter conclusion

The within-case analyses followed the same approach and structure for each company. The case study narratives were drafted by collating the interview transcripts and additional documentation sources. The information from the case narratives was used to populate the strategy maps, and subsequently reduced and transferred to the filled-out PF and AM templates.

The comparison of the strategy formation activities of the case companies to the PF stages showed that strategy formation was not static, isolated, and formed of a single instance; it was dynamic and comprised four strategy formation processes (cycles) at each company. Each cycle had distinct structures and characteristics. Following the strategy mapping of company A, the literature-derived strategy map was amended by adding two columns to reflect the finding of cycles.

The number of the PF stages present in a cycle increased from six in cycle 1 to ten in cycles 3 and 4 at all companies. The planning and formalisation degree increased throughout cycles, from an emergent process in cycle 1 to a fully planned strategy process in cycles 3 and 4.

Enablers and barriers related to strategy formation were identified at all companies. The overarching themes across all companies were that strategy formation increased cohesion among management members, and alignment of the entire organisation to work towards implementing the agreed strategy and achieving growth. The strategy formation processes were linked to achieving growth at all companies; however, the nature of this relationship differed by company.

6 Cross-case analysis

This chapter starts with the approach to cross-case analysis. The filled-out PF and AM templates and the case study narratives have been compared across all companies for each of the 16 cycles. In line with the research design, cross-case tables have been used to facilitate the comparison of the within-case analysis findings and to identify commonalities across the case companies.

The cross-case analysis mirrors the within-case analysis structure and compares the findings by cycle from five perspectives: stage structures, process characteristics, outputs, participants, and organisational aspects of strategy formation processes as well as their associated dimensions.

Cross-case analysis findings on how strategy forms and develops in high-growth SMEs have been articulated and key conclusions have been summarised. A revised framework for the qualitative study of strategy formation processes in high-growth SMEs has been developed by applying the result of the cross-case analysis to the literature-derived PF.

Enablers and barriers related to strategy formation processes and the role of strategy formation process in achieving growth have been investigated through cross-case lenses. The research goals and questions have been addressed, and new findings have been outlined in the context of the extant literature.

6.1 Approach to cross-case analysis

The approach to cross-case analysis follows the research design execution described in section 4.3.4.3. Several cross-comparison tables have been compiled to enable the identification of similarities across the case companies.

For the purpose of the cross-case analysis, the information from columns (c) of the filled-out PF templates of all case companies from Chapter 5 has been grouped in a side-by-side table, which shows the stage structures by cycle. When a PF stage is present, the respective cell is marked with "y" (see Table 80).

The same approach has been used for the iterative stages present in the cycles of the case companies (see Table 83). The values of the characteristics of the filled-out AM templates of all companies have been compared by cycle (see Table 84).

Cycle features and other aspects of strategy formation processes, such as strategic outputs, participants in strategy formation, and organisational aspects, have been compared. The relevant information from the case study narratives and completed PF templates has been extracted and arranged by cycle in cross-case tables. The findings of the above cross-case analyses have been detailed in the following sections.

An overview of the case companies has been presented in Table 79 below:

Table 79: Overview of the case companies

Company	Sector	Headquarters	Majority ownership	Management type
A	Insurance and financial services	London	Financial institutions	Professional management
B	Application software, data processing and outsourced services	London	Financial institutions	Professional management
C	Internet software and services	London	Founders	Founders
D	Communications equipment	Cambridge	Founders	Founders

6.2 Cross-case comparison of the analysed dimensions

6.2.1 Cross-case analysis of strategy formation process structures

In this section stage structures, drivers which lead to a decision to form a strategy, and cycle features have been compared based on the within-case analyses.

6.2.1.1 Cross-case analysis of stage structures

The cross-case analysis of the stage structures entailed the comparison of the PF stages present in each cycle across all companies, followed by the identification of common stages by cycle (Table 80). The stages present across at least three companies have been summarised by cycle in the column 'Common stages across minimum three companies'. The threshold of minimum three companies has been chosen because it represents the absolute majority, i.e. three-quarters of the total number of case companies.

Table 80: Comparison of the stage structures

	Preliminary Framework ('PF') stages	Cycle 1				Cycle 2				Cycle 3				Cycle 4				Stages common across minimum three companies			
		A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D	Cycle 1	Cycle 2	Cycle 3	Cycle 4
1	Drivers	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
2	Decision to form			y		y	y	y	y	y	y	y	y	y	y	y	y		y	y	y
3	Preparation of formation									y	y	y	y	y	y	y	y			y	y
4	Data collection	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
5	Data analysis	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
6	Option formulation	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
7	Option evaluation					y	y		y	y	y	y	y	y	y	y	y		y	y	y
8	Internal negotiation/authorisation									y	y	y	y	y	y	y	y			y	y
9	Selection of the final option	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
10	Implementation feedback/revision	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
	Number of PF stages present	6	6	7	6	8	8	7	8	10	10	10	10	10	10	10	10	6	8	10	10

Legend: 'y' marks the presence of a PF stage.

The cross-case analysis of the PF stages present in all cycles showed that at all companies:

- Strategy formation comprised four cycles.
- The stage structures changed across cycles.
- The number of the PF stages present in a cycle increased from six in cycle 1 to ten in cycles 3 and 4.
- The drivers which lead to a decision to form a strategy changed across cycles.

The comparison of the within-case analysis findings on cycle structures led to the identification of the following commonalities across minimum three case companies:

Cycle 1

- Strategy formation resembled an emergent process as it exhibited an event-response pattern.
- Drivers, such as appointments of new CEOs (companies A and B) or firm growth-related factors (companies C and D), supported the initiations of strategy formation processes.
- The CEOs needed to respond to business priorities; hence, they were acting in a continuous loop of reactive actions in response to internal or external factors.
- The following PF stages: drivers, data collection, data analysis, strategic option formulation, selection of the final option, and implementation feedback/strategy revision were present across all companies. An additional stage (the decision to form a strategy) was present only at company C because the founder-managers made the deliberate decision to develop a strategy.
- Cycle 1 was learning-focused; however, learning was driven by different motivations at each company:
    - The CEOs of companies A and B focused on gaining knowledge on companies' businesses and markets. In their first months of work they met all or a large number of employees, clients, competitors and advisors.
    - The founder-CEOs of companies C and D knew their businesses; therefore, their learning focused on the ability to make decisions in conditions of uncertainty, with incomplete information available in real time, or in

response to external factors (e.g. inbound client requests).

Cycle 2

- Signs of more structured strategy formation processes emerged across all companies, judging by the higher number of present PF stages and the lower number of iterative stages compared to cycle 1 (see section 6.2.1.3).
- There were eight PF stages present at the majority of the companies: drivers, decision to form a strategy, data collection, data analysis, strategic option formulation, option evaluation, selection of the final option, and implementation feedback/strategy revision.
- There was a conscious decision to form a strategy at all companies, prompted by founders' or CEOs' ambitions to grow their businesses. This was the consequence of CEOs' learning about their companies' businesses and markets (companies A and B) or founders' learning about companies' growth slowdowns during cycle 1 (companies C and D).

Cycle 3

- Strategy formation processes reached the highest level of formalisation as strategy formation comprised all ten PF stages at all companies.
- The stage structure stabilised to ten PF stages and was repeated for the remainder of the high-growth period.
- The decisions to form a strategy were driven by a combination of factors, such as company's process maturation, governance or performance.

Cycle 4

- The strategy formation processes of all companies continued to include all the PF stages.
- Cycle 4 represented a refinement of cycle 3 at all companies. Although the structure of this cycle remained the same as that of cycle 3, other aspects of strategy formation (e.g. participants, duration of offsite meetings) slightly changed.
- The launch of cycle 4 was driven by the following factors:

- Ownership changes of companies A, B and C led to decisions to revisit the strategy outcomes of cycle 3 and launches of new strategy formation processes, or BoDs' active involvement in strategy formation.
- The increased maturity of founders' strategic thinking led to a refinement of strategy formation at company D.

The majority of the literature review used quantitative or qualitative methodologies to study strategy formation at a single point in time and did not investigate process changes over time. This research studied the phenomenon over several years and observed the strategy formation development over multiple cycles. Therefore, some of the literature findings are valid for some cycles and refuted for other cycles.

Strategy formation in cycles 1 and 2 resembled the incrementalist and emergent approach advocated by Quinn (1978) and Mintzberg (1985). Starting in cycle 2 and, increasingly, in cycles 3 and 4, strategy formation became more structured and closer to prescriptive planning and rational strategy making. Strategy formation moved alongside the emergent to deliberate spectrum throughout the four cycles.

The findings that, in those firms where elements of planning were detected, the process was random, unstructured, reactive in nature and with no specific time recurrence patterns (Robinson and Pearce, 1984b) were valid in cycle 1. However, they were largely refuted in subsequent cycles when planning increased. Conversely, the increased planning specific to the late cycles refuted Verreynne (2006)'s findings from a survey of 500 small firms which claimed that pure deliberate/rationality may not take place in small firms.

The interviewees of companies C and D mentioned about making decisions in an environment of uncertainty due to the lack of real-time financial data and the presence of technology disruption in cycle 1. This supported Droege and Marvel (2009)'s findings that firms were more inclined to use an emergent strategy when founders perceived high socio-cultural, competitor, and technology uncertainty; and Barnes (2002)'s findings that strategy was formed through a bottom-up emergent process.

Starting in cycle 3, strategy formation processes became proactive, had a structured content and modus operandi, consistent participants and regular occurrences. This was in line with the findings of Berry (1998) and Schuman and Seager (1986) who concluded that as companies grow planning formalisation and participation in strategy formation increase.

Wisener and Millett (2012) found that SMEs use a deliberate approach in strategy formation following a survey of 1,230 SMEs. Stonehouse and Pemberton (2002) also found a structured approach to planning in UK SMEs. The communication of strategic outputs across entire organisations in cycles 3 and 4 confirmed Ackelsberg and Arlow (1985)'s recommendation.

Jocumsen (2004)'s conclusion that strategy formation in small firms deviates from large companies was refuted. The strategy formation of cycles 3 and 4 showed that there was a clear step sequence and delineation between strategy formation steps similar to large firms.

Liberman-Yaconi et al. (2010)'s findings that a strategy formation process comprised three activities (information collection and interpretation, option generation and assessment/determination of the final choice) was broadly confirmed by the structure of cycle 1. However, the complexity and sophistication of the processes of cycles 3 and 4 exceeded Liberman-Yaconi et al. (2010)'s three-stage findings as this research articulated ten stages of strategy formation in cycles 3 and 4.

6.2.1.2 Cross-case comparison of strategy formation drivers

The previous section included commentaries related to drivers leading to decisions to form a strategy. A cross-case comparison of the drivers to form a strategy identified in the within-case analyses has been presented in Table 81.

Table 81: Comparison of the drivers to form a strategy

Cycle	Company A	Company B	Company C	Company D
1	-The appointment of a new CEO (governance-related)	-The appointment of a new CEO (governance-related)	-The company became profitable and started to build cash reserves (performance- related)	-Company's growth slowed down (performance-related)
2	-CEO's learning about the company's business and markets (learning-related)	-CEO's learning about the company's business and markets (learning-related)	-Clients' approaches to the company to expand into new markets (performance- related)	-The decision to implement an ERP system to boost company's growth (performance-related)
3	-A failed sale of the company, different objectives between management (to grow the company) and shareholders (to sell the company), and maturation of company's processes (governance and learning-related)	-CEO's deliberate decision to form a strategy with a view to grow the company (performance-related)	-Raising institutional capital and maturation of company's processes (governance and learning-related)	-Company's successful growth following the ERP system's implementation, which was the result of the early strategy formation processes (performance -related)
4	-A change of ownership: the new owner wanted to ensure his goals were linked to company's strategy (governance-related)	-A change of ownership (governance-related)	-Raising institutional capital and the maturation of company's processes (governance and learning-related)	-Founders' maturation to learn to think strategically (learning-related)

The comparison resulted in the classification of the drivers in three categories: governance, learning, and performance-related, based on the following similarities across all companies:

- Governance-related drivers included a change in a company's ownership, the appointment of a new CEO or a misalignment of objectives between shareholders and

management.

- Learning-related drivers included management's/founders' ability to learn to think strategically or to learn about companies' businesses and markets, or the maturation of companies' processes.
- Performance-related drivers referred to company's growth performance and management's/founders' response to it.

The findings of the governance and performance-related drivers are similar to Liberman-Yacomi et al. (2010)'s framework, which included internal and external decision triggers, such as: "the appointment or departure of a highly skilled staff member", customer feedback and requests, market trends, lack of demand, and problems with products. The same authors pointed out that one or more triggers could happen. The driver categories found in this research differ from Kiridena et al. (2009)'s findings that initiatives to form a strategy responded to competitors' moves, regulatory requirements or directives from top management.

The learning-related drivers can be associated with owners'/managers' personal characteristics described by Liberman-Yacomi et al. (2010). The development level of owners'/managers' skills and experience is a factor which influences strategy formation and activities driven by decision triggers. However, this factor does not drive the decision to form a strategy. Jocumsen (2004) showed that only internal factors were relevant to decision making processes; "the importance of the strategic decision, business success, and education level of manager" were similar in nature with the performance and learning-related drivers.

The drivers leading to more formalisation in strategy formation were a change in corporate governance (companies A and B) and the maturation of founders' strategic thinking (companies C and D). This finding refuted Shuman and Seeger (1986)'s conclusion, which did not mention governance or strategic thinking learning as factors influencing planning.

6.2.1.3 Cross-case analysis of cycle features

The findings on cycle features from the within-case analyses have been summarised below:

- Some of the cycles of a company took place only once ('one-off cycle') whilst others took place repeatedly ('recurring cycles').
- A company's cycles took place sequentially and had separate and distinct stages; sometimes cycles overlapped during certain stages.
- Some of the stages of the same cycle were repeated for a given period ('iterative stages').
- The length, frequency and repetition period of a cycle varied by cycle and company.

Cycle features have been compared across companies and the findings have been outlined in Table 82 below:

Table 82: Comparison of cycle features

	Cycle 1				Cycle 2			
Cycle feature	A	B	C	D	A	B	C	D
Recurrence	one off	one off	one off	one off	one off	one off	recurring	one off
Length of cycle (excluding implementation)	6 months	6 months	12 months	12 months	3 months	2 months	9 months	9 months
Frequency of cycle repetition	na	na	na	na	na	na	annually or less	na
Period of cycle repetition	na	na	na	na	na	na	3 years	na
Overlapping cycles	1 and 2	1 and 2	na	na	1 and 2	1 and 2	na	na
- over the stages of	Data collection and anaysis	Data collection and anaysis	na	na	Data collection and anaysis	Data collection and anaysis	na	na

	Cycle 3				Cycle 4			
Cycle feature	A	B	C	D	A	B	C	D
Recurrence	one off	recurring	recurring	recurring	recurring	recurring	recurring	recurring
Length of cycle (excluding implementation)	2 months	several weeks	several weeks (up to 3 monhs)	several weeks	several weeks (up to 3 monhs)	several weeks	several weeks (up to 3 monhs)	several weeks
Frequency of cycle repetition	na	semi-annually	quarterly	bi-monthly	annually	semi-annually	quarterly	quarterly
Period of cycle repetition	na	2 years	ongoing	8 years	ongoing	ongoing	ongoing	ongoing
Overlapping cycles	na	na	na	na	na	na	na	na
- over the stages of	na	na	na	na	na	na	na	na

Cycle 1

- It was a one-off cycle at all companies and included a recurring loop of event-response activities.
- It lasted longer than subsequent cycles, i.e. six months at companies A and B and 12 months at companies C and D.

Cycle 2

- The cycle was one-off at companies A, B and D, and recurring at company C.
- Cycle 2 lasted two or three months at companies A and B and nine months at companies C and D. Unlike companies A and B, companies C and D were founder-led; therefore, the transition to a more structured process took longer as there was no pressure from an external shareholder as was the case for companies A and B.

Cycles 3 and 4

- Cycles 3 and 4 were recurring at all companies, except for cycle 3 of company A, which was revised in cycle 4 following changes in company's ownership.
- This cycle marked the stabilisation of the stage structures of strategy formation processes, which explained the cycle recurrence feature.
- Cycles 3 and 4 lasted several weeks, but not longer than three months at all companies, which is the result of the stabilisation of the stage structure.

The analysis of the sequence of cycles showed that:

- Cycles 1 and 2 overlapped at companies A and B during data collection and analysis. Both companies had newly appointed CEOs who learned about companies' businesses and markets during those stages as opposed to companies C and D whose founder-CEOs did not need to learn about their respective businesses. The overlapping impacted the sequence of cycle 2's stages such as that data collection and analysis preceded the decision to form a strategy and the option formulation stages.
- Cycles 3 and 4 were sequential at all companies and had no overlapping stages.

The information regarding the iterative stages of each company was extracted from the completed PF templates and arranged by cycle in Table 83 below.

Table 83: Comparison of iterative stages

	Preliminary Framework ('PF') stages	Cycle 1				Cycle 2				Cycle 3				Cycle 4				Stages common across minimum three companies			
		A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D	Cycle 1	Cycle 2	Cycle 3	Cycle 4
1	Drivers																				
2	Decision to form																				
3	Preparation of formation										y	y			y	y					
4	Data collection	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
5	Data analysis	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
6	Option formulation	y	y	y	y	y	y	y		y			y				y	y	y		
7	Option evaluation						y														
8	Internal negotiation																				
9	Selection of the final option	y	y	y	y			y										y			
10	Implementation feedback/revision	y	y		y													y			
	Number of iterative stages	5	5	4	5	3	4	4	2	3	3	3	3	2	3	3	3	5	3	2	2

Legend:
'y' marks the presence of an iterative PF stage

marks iterative stages common across minimum three companies

The following findings resulted from the cross-case analysis of the iterative stages:

Cycle 1

- Strategy formation processes emulated an emergent strategy at all companies.
- The following iterative stages were observed at minimum three companies: data collection, data analysis, option formulation, selection of the final option, and implementation feedback/revision.
- The cycle was unstructured and had a continuous loop of iterative stages, which followed CEO's event-response pattern of actions.

Cycle 2

- The number of iterative stages common across minimum three companies decreased to data collection, data analysis, and option formulation.
- This decrease indicated more structure and focus on the preparation of strategy formation than in cycle 1.

Cycles 3 and 4

- Cycle structures stabilised.
- The iterative stages common across minimum three companies were data collection and analysis, which emulated the fully planned nature of the strategy formation processes of those cycles.

The numbers of iterative stages common to at least three companies of cycles 1 and 2 (i.e. five and three, respectively) were higher than those of cycles 3 and 4 (i.e. two stages). The higher number of iterative stages in cycles 1 and 2 indicated that those cycles were closer to an emergent process, less intentional and prescriptive. Conversely, the lower number of iterative stages in cycles 3 and 4 indicated that processes were more planned and prescriptive. The number of iterative stages of a cycle decreased with the increase in cycle formalisation and structure stabilisation.

This finding concurs with the literature review's conclusion that emergent strategy processes were repetitive and a number of stages were incremental and iterative (Quinn, 1982; Miller, 1982, 1984; Gibcus and Kemp, 2003; Mintzberg, 1976; 1978).

Wisener et al. (2012) confirmed that the more mature an organisation the more inclined that organisation would be to use more complex and deliberate strategy formation processes. Case companies adopted more emergent-orientated strategies in the early cycles. This reflected a "strategic learning and adaptive behaviour", in line with Wisener et al. (2012)'s findings.

6.2.2 Cross-case analysis of strategy formation characteristics

The information from the completed AM templates was arranged by cycle in Table 84.

Table 84: Comparison of AM characteristics

			Cycle 1				Cycle 2				Cycle 3				Cycle 4				Characteristics common across minimum three companies			
	Strategy dimension	Characteristic	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D	Cycle 1	Cycle 2	Cycle 3	Cycle 4
1	Content	Complexity	Specific, nuanced	Specific, nuanced	Specific, nuanced	Specific, nuanced	Mix	Mix	Mix	Mix	General, simple	General, simple	General, simple	General, simple	General, simple	General, simple	General, simple	General, simple	Specific, nuanced	Mix	General, simple	General, simple
2	Content	Integration	One strategy	One strategy	One strategy	One strategy	One strategy	One strategy	One strategy	One strategy	Portfolio of components	Portfolio of components	Portfolio of components	Portfolio of components	Portfolio of components	Portfolio of components	Portfolio of components	Portfolio of components	One strategy	One strategy	Portfolio of components	Portfolio of components
3	Content	Novelty	Unique	Unique	Unique	Unique	Unique	Mix	Unique	Unique	Generic, clearly defined	Generic, clearly defined	Generic, clearly defined	Mix	Generic, clearly defined	Generic, clearly defined	Generic, clearly defined	Generic, clearly defined	Unique	Unique	Generic, clearly defined	Generic, clearly defined
4	Process	Content-related control	Realised patterns	Realised patterns	Mix	Realised patterns	Mix	Mix	Mix	Mix	Intended plans	Intended plans	Intended plans	Intended plans	Intended plans	Intended plans	Intended plans	Intended plans	Realised patterns	Mix	Intended plans	Intended plans
5	Process	Process-related control	Emergent	Emergent	Emergent	Emergent	Mix	Mix	Mix	Mix	Deliberate	Deliberate	Deliberate	Deliberate	Deliberate	Deliberate	Deliberate	Deliberate	Emergent	Mix	Deliberate	Deliberate
6	Process	Presence of change	Continuous change	Continuous change	Continuous change	Continuous change	Mix	Mix	Mix	Mix	Rarely changing	Rarely changing	Rarely changing	Rarely changing	Rarely changing	Rarely changing	Rarely changing	Rarely changing	Continuous change	Mix	Rarely changing	Rarely changing
7	Process	Pattern or pace of change	Incremental	Incremental	Incremental	Incremental	Mix	Occasional	Mix	Mix	Occasional	Occasional	Occasional	Occasional	Occasional	Occasional	Occasional	Occasional	Incremental	Mix	Occasional	Occasional
8	Process	Source of change	Learning easily	Learning easily	Learning easily	Learning easily	Mix	Mix	Mix	Mix	Mix	Mix	Mix	Mix	Mix	Mix	Mix	Mix	Learning easily	Mix	Mix	Mix
9	Process	Strategic choice	Reactive	Reactive	Proactive	Reactive	Proactive	Proactive	Proactive	Proactive	Proactive	Proactive	Proactive	Proactive	Proactive	Proactive	Proactive	Proactive	Reactive	Proactive	Proactive	Proactive
10	Process	Strategic thinking	Acting-dominant	Acting-dominant	Mix	Acting-dominant	Mix	Mix	Mix	Mix	Thinking-dominant	Thinking-dominant	Thinking-dominant	Thinking-dominant	Thinking-dominant	Thinking-dominant	Thinking-dominant	Thinking-dominant	Acting-dominant	Mix	Thinking-dominant	Thinking-dominant
11	Process	Collective (central actors)	He	He	Them, but centred on him	He	Them, but centred on him	Them, but centred on him	Them, but centred on him	Them, but centred on him	Them	Them	Them	Them	Them	Them	Them	Them	He	Them, but centred on him	Them	Them
12	Context	External environment	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/complex	Dynamic/ complex	Dynamic/ complex	Dynamic/ complex	Dynamic/ complex
13	Context	Company size	Medium	Medium	Small	Small	Medium	Medium	Small	Small	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Small/Medium	Small/Medium	Medium	Medium

The cross-case analysis, corroborated with the within-case analysis findings, led to the identification of the following commonalities across minimum three companies:

Cycle 1

- Content complexity, integration and novelty: Strategy formation was specific to the particular context of each company and unique as strategies were created by CEOs to respond to business priorities particular to each company. Every company had one strategy because there was no distinction among corporate, business and functional strategies.
- Process and content-related control: Strategies were emergent from a content and process perspective because there were no predefined strategy formation activities and no intention to form a strategy.
- Change presence, pattern and source: Change happened continuously and incrementally, driven by CEOs' learning to respond to internal and external stimuli of complex and dynamic environments, and to deal with uncertainty. Learning played a pivotal role as it sometimes drove a deliberate decision to form a strategy in cycle 2.
- Strategic choice, strategic thinking and process collective: Strategy formation was reactive, launched in response to internal or external triggers; and acting-dominant, in line with the event-response pattern of actions conducted by CEOs. The strategy formation process was CEO-centric and CEOs played a dominant role.
- Company environment and size: The environment was dynamic/complex, driven by technological development, market disruption or consolidation. Companies were small or medium-sized, according to the SMEs' definition criteria.

Cycle 2

- Content complexity, integration and novelty: Strategy was less specific and became more general than in cycle 1. The content continued to be unique as it mainly represented CEO's vision for growth and was created to suit a context specific to each company. Companies' strategy formations were still relatively unsophisticated and only had one strategy.

- Process and content-related control: The process had a more deliberate and intended nature than in cycle 1; however, it was not fully planned. Strategy formation was a mix between an emergent (i.e. realised patterns) and a planned process.
- Change presence, pattern and source: Change no longer happened continuously, but in predetermined and occasional sequences. Learning continued to be a source of change, but its pace slowed down compared to Cycle 1.
- Strategic choice, strategic thinking and process collective: Strategy was formed proactively following CEOs' deliberate decisions driven by performance or learning-related factors. Strategy formation was a mix between thinking and acting-orientated as formation activities were neither predefined (clearly structured) nor completely emergent. CEOs continued to be key actors in strategy formation; however, the executive management or/and BoD members started to be involved in strategy formation.
- Company environment and size: The environment continued to be dynamic/complex. The case companies were small or medium-sized.

Cycle 3

The characteristics of cycle 3 emulated a fully planned strategy formation process:

- Content complexity, integration and novelty: The strategy formation processes of cycle 3 were general and clearly defined as they followed a deliberate structure and an intended approach. Strategy comprised a portfolio of components as functional strategies were identified at the majority of the case companies.
- Process and content-related control: Strategy formation was deliberate and the content was intended as prior analyses and preparation work were conducted in anticipation of the strategy formulation meetings.
- Change presence, pattern and source: Change was occasional and rare as companies learned in a controlled way; the pace of change (learning) was driven by the timing of the strategy formulation meetings. Learning continued to be a source of change, but was extended to other management members besides CEOs.
- Strategic choice, strategic thinking and process collective: Processes were thinking-dominant and predetermined. Participation was broadened to include additional

management and, sometimes, all employees when strategy outcomes were cascaded throughout organisations.

- Company environment and size: The environment continued to be dynamic and complex. All companies were medium-sized in this cycle.

Cycle 4

The AM characteristics of this cycle were similar to those of cycle 3 given that the strategy formation of cycle 4 represented a refinement of cycle 3. The impetus to refinement was the consequence of corporate governance requirements or/and the maturation of founders' strategic thinking.

- Content complexity, integration and novelty: Strategy processes were general and clearly defined, and comprised a portfolio of strategies.
- Process and content-related control: Strategy formation was planned, intended and deliberate.
- Change presence, pattern and source: Change was present, but took place occasionally, driven by the timing of the strategy formulation meetings.
- Strategic choice, strategic thinking and process collective: The process continued to be thinking-dominant, with occasional change and learning. The circle of actors involved in strategy making included executive management teams and BoDs as well as additional participants (e.g. external consultants, additional managers).
- Company environment and size: The case companies operated in rapidly changing (dynamic/complex) environments. All the companies remained medium-sized.

The above findings explain and link divergent literature review findings. The literature review exhibits a dichotomy between emergent and deliberate approaches in strategy formation in SMEs, which was addressed in the cross-comparison of the cycle characteristics. Gibcus and Kemp (2003) pointed to conclusions similar to this research: the co-existence of deliberate and emergent strategies in SMEs rather than the existence of either in pure forms.

Strategy formation emulated the characteristics of an emergent, unplanned and purely reactive approach in cycle 1 and, to a lesser extent, in cycle 2. This concurred with the literature review findings that SMEs do not use formal planning (Berry, 1998; Marlow, 2000) or sophisticated planning approaches (Barnes, 2002). Strategy formation occurred incrementally, in iterative steps (Quinn, 1978; Mintzberg and Waters, 1985; de Wit and Meyer, 2001 cited in Lofving, 2014, p.10). Similarly, Fletcher et al. (2002)'s quantitative study found that entrepreneurs used more emergent than planning approaches.

Verreynne (2006) argued that pure rationality or deliberate, planned models do not take place in small firms. The research findings on cycles 1 and 2 confirmed Verreynne (2006)'s conclusions that small firms use a simplistic approach to form strategy, mainly driven by managers/owners.

Wrona and Ladwig (2014) studied strategy formation in small companies from a cognitive perspective and found that strategies formed first at the level of an individual, then were transferred to an organisation level. This is in line with the findings of this research that strategy formation is owner/manager-centric in the early cycles and involves wider firm participation in the late cycles. This research also found that strategy formation in small firms in the early cycles was unique, adaptive, highly personalised, and different from that of large organisations. Those findings concurred with Jennings and Beaver (1997)'s conclusions.

Strategy formation in cycles 3 and 4 was increasingly planned and emulated the quantum leap theory's strategy making (Miller, 1982) because changes happened occasionally, timed by strategy formulation meetings. Specific to a planned, rationality-focused approach, strategy formation in cycles 3 and 4 became thinking-dominant and learning decreased compared to cycles 1 and 2. SMEs used a deliberate approach predominantly, in line with Wiesner et al. (2012)'s conclusions and Stonehouse and Pemberton (2002)'s survey studies. The differences between early and late cycles confirmed Mintzberg (1987)'s observations that purely deliberate strategies preclude learning and purely emergent strategies preclude control.

Participation in the strategy formation of the case companies increased across cycles. This was in line with Matthews and Scott (1995)'s findings that the resources available for planning increased as firms grew in size.

As case companies grew, the formalisation of their strategy processes increased. This finding refuted Perks (2006)'s claims that the relationship between size and formalisation was inconclusive, but concurred with Stonehouse and Pemberton (2002)'s and Robinson and Pearce (1984b)'s findings that a firm's stage of development or size impacts strategy making's planning intensity and formalisation.

The cross-comparison of the cycle characteristics and structures of the strategy formation processes of the case companies demonstrated that in practice strategy formation was complex both at corporate and operational levels, in line with Barnes (2002)'s findings from a qualitative research conducted on small and large firms. All case companies operated in highly complex environments; however, the relationship between planning intensity and environment complexity was not straightforward.

The co-existence of emergent and deliberate strategy formation processes at the same firm at different points in time corroborated with Eisenhardt (1989)'s qualitative study on firms in high velocity environments, which found that the dichotomy rational-incremental had limitations because decision makers were capable of both. The finding also reconciles with Van Gelderen et al. (2000)'s conclusions of higher planning intensity in more complex environments.

6.2.3 Cross-case analysis of other aspects of strategy formation processes

In this section strategic outputs, participants in strategy formation, and organisational aspects of strategy formation processes have been compared across cases and the main findings have been outlined below. The detailed cross-comparison analysis is available upon request.

6.2.3.1 Cross-comparison of strategic outputs

The information regarding strategic outputs was extracted from the case study narratives and compared across all companies; the following common features were identified:

Cycle 1

- As strategy had an emergent character, no company formalised a strategic output.

Cycle 2

- Companies started to crystallise strategy plans in the form of CEOs' strategy papers (companies A, B), which were subsequently signed-off by BoDs, or written documents, which were subsequently refined into plans (company D).

Cycles 3 and 4

- Starting in cycle 3, the formalisation of strategic outputs increased and written deliverables with a clearly defined structure were drafted following offsite meetings at all companies.
- Across the majority of the companies the content of strategic outputs was structured in layers of objectives, which covered several years.
- The objective layers included:
    - a mission statement: a "vision" (company A), "aspirations" (company B) or answers to existential questions: "why do we exist?, how do we behave?, what do we do" (company C)
    - business goals formulated as qualitative or quantitative targets
    - specific functional actions underpinning the business goals and including qualitative or quantitative targets, and persons responsible for implementation. Measurable targets were: revenue growth, profit/EBITDA, and specific operational KPIs. Company B also included detailed financial projections in its strategic output.
- The CEOs or executive teams refined and confirmed the strategic outputs a few days after a strategy formulation meeting. If necessary, follow-up meetings were set up to discuss specific topics arising from the strategy formulation meetings

(companies B, C and D).

- Strategy implementation was monitored and the output plans were updated regularly: quarterly (companies C and D), semi-annually (company B) or annually (companies A and D – a revision of the long-term strategy took place annually at the latter).
- Strategic plans were communicated in full or in summary to all employees in town hall meetings (company C), during strategy days (company B) or through the next management layers (companies A and D), who shared the strategy with employees.
- Presentations, which summarised the strategic outputs agreed by the executive management, were drafted for BoD meetings when the BoD was not involved in executive strategy meetings (companies B and C). The presentations for the BoD meetings were updated with the same frequency as the executive strategic outputs.

The above research findings provide in-depth insights into the format, content and structure of strategic outputs; the literature review mentioned the existence of strategic outputs, but provided little detail.

The research findings confirmed the literature review's findings that companies formalise written plans (Ackelsberg and Arlow, 1985), which included long-term and short-term topics (Bracker et al., 1988). Plans were cascaded throughout companies according to Berry (1998); this recommendation was found to be valid at all companies.

The existence of a mission statement as part of a deliberate strategy formulation process was confirmed by Wiesner and Millet (2012), Stonehouse and Pemberton (2002), and Barnes (2002). Wiesner and Millet (2012) found that companies formulated business-level objectives to support their mission statements and visions. They concluded that SMEs reviewed their plans regularly (weekly, monthly, quarterly or annually). Stonehouse and Pemberton (2002) found that SMEs amended their plans when circumstances dictated and their planning horizon covered up to three years.

The above confirmed the findings of this research although the updating frequency of the strategic outputs was quarterly, semi-annually or annually.

6.2.3.2 Cross-comparison of participants in strategy formation processes

The information on participants in strategy formation processes was extracted from the case narratives and compared cross-cases. The following findings have been identified:

Cycle 1

- Strategy formation was CEO-centric at all companies, regardless of a CEO being a business owner or a professional manager.
- The CEO-owners consulted one or two close executives (e.g. the COO and the CTO of company C were the CEO's wife and close friend, respectively; the CTO of company D was the CEO's brother), but remained the ultimate decision makers.

Cycle 2

- The process remained CEO-driven; however, participation broadened to executive management at companies A, B and D. The executive managers were involved directly in strategy formation or validated CEO's strategy hypotheses.
- Sometimes senior managers or other employees were consulted on the options proposed (companies A and B).
- The strategy proposed was subject to Board's approvals at companies A, B and C (company D did not have a BoD).

Cycle 3

- Starting in this cycle, the executive management was directly involved in strategy preparation at all companies by drafting papers and reports ahead of the strategy formulation meetings.
- The executive management was also involved in the actual strategy formulation meetings.
- CEOs moderated the strategy formulation meetings, sometimes being supported by

an executive management member who led the strategy formation preparation.

Cycle 4

- Once the formalism of strategy formation increased participation in the strategy formulation meetings was extended to NEDs (companies A, B and C) or additional managers (company D).
- BoD members were involved directly (companies A and B) or in a consultative role (company C) in strategy formation. Company D did not have a BoD which explains the lack of Board's involvement in strategy formation and the inclusion of additional managers in the annual strategy formulation sessions.

Additional findings include the following points:

- A senior manager played the role of a strategy executive as he conducted strategy preparation processes (e.g. the CTO of company A, the CFO of company B, the COO of company D).
- Starting in cycle 3 all or a large number of employees of all companies was included in strategy communication when the strategy agreed by management was communicated to a whole organisation in regular or one-off meetings.
- Sometimes consultants were invited to strategy formulation meetings or involved in their preparation:
    - Non-executive directors participated in strategy formulation meetings and acted as facilitators of strategy conversations (companies A and B).
    - External consultants were involved in strategy preparation by helping with formulating the specifications and goals for the selection of an ERP system, which was the key theme of a strategy formation process at company D.

The findings of this research bridged the lack of consensus on participants in strategy formation processes found in the literature review because the retrospective methodology used in this research studied strategy formation at different points in time.

The findings of cycle 1 concurred with the literature review that decision makers who form a strategy were CEOs (Shuman and Seeger, 1986; Robinson and Pearce, 1984a; Baines et al.; Wiesner and Millet, 2012).

Shuman and Seeger (1985)'s arguments that no planning function or executives were involved in strategy formation preparation were confirmed for cycle 1. However, starting in cycle 2 senior executives fulfilled a planning function informally, in addition to their regular responsibilities (i.e. the CTO and COO at company A, the CFO at company B and the COO at company D). The finding was partially confirmed by Wiesner and Millet (2012)'s work, which found that an additional executive, i.e. a financial manager, besides the CEO, participated in strategy formation.

Robinson and Pearce (1984a)'s conclusion that strategic thinking belonged to top managers who did not formalise the activity and did not involve the rest of the organisation in strategy formation, was refuted by the findings of cycles 2, 3 and 4 when the strategy processes of the case companies assumed a structured forum of thinking, with the participation of broader management and additional employees. However, the research findings concurred with Baines et al. (2005), who found that participants in strategic positioning decision processes were the managing director (i.e. CEO), accompanied by management members (e.g. the supply chain director, marketing director, operations director, technical director, and financial director).

The findings of this research confirmed that external participants, such as consultants or BoD members, were involved in strategy formation. The finding concurred with Harris et al. (2000)'s conclusions that a broad number of trusted participants, including external advisers, were involved in strategy making.

6.2.3.3 Cross-comparison of the organisational aspects of strategy formation processes

The organisational aspects of strategy formation processes have been compared cross cases in cycles 3 and 4 when the formalisation of strategy formation increased and the structure stabilised. The cross-case analysis shows the following similarities (Table 85):

Table 85: Cross-case analysis of organizational aspects

Aspect	Findings
	Preparation of strategy formulation
Meeting preparation	• Management had weekly or bi-weekly operational meetings, where little time was allocated to discuss strategy topics. However, those meetings were relevant to strategy formulation because they allowed management to focus on strategic aspects at offsite meetings • Management of companies A, B and C used various books (e.g. R. Rumelt: "Good strategy, bad strategy", P. Lencioni: "The Advantage", M. Watkins: "The first 90 days") as a guidance for strategy formulation and overall management
Strategic inputs into meetings	• Written analyses were prepared in advance of the strategy formulation meetings by executives whose responsibilities were related to the topics for discussion • Papers included analyses of initiatives, actions or markets, and sometimes took the form of a SWOT (company C) or scenario analysis (company A).
Agenda setting	• All companies worked based on agendas established in advance of the offsite meetings in cycles 3 and 4. There were no agendas in the early cycles. • Usually a few members of the executive team were tasked with preparing an agenda. Sometimes the CEO initiated the first agenda draft
	Approaches to strategy formulation
Meeting format	• All companies formulated strategy in offsite meetings • Offsite meetings were held outside companies' offices to allow executive members to detach from day-to-day tasks and switch mentally to long-term thinking
Meeting frequency	• The offsite meetings were held bi-monthly, quarterly, semi-annually or annually (depending on the strategy formation cycle and company).

Meeting duration	• The offsite meetings lasted 0.5 or 1 days and were preceded by weekly or fortnightly preparation meetings (depending on the company and cycle).
Topics for discussion	• All companies discussed similar topics, which can be categorised in: - market and competitors - resource allocation - investment areas (organically or inorganically) - company competences.
Modus operandi	• Strategy formulation meetings were chaired by CEOs, supported by a manager, who was an executive involved in strategy preparation. (e.g. the CTO or non-executives at company A, the CFO at company B, the CTO at company D). • Meetings were conducted as free conversations and participants used brainstorming. Ideas were sometimes written on a white board, then refined and digested. • Decisions were made by consensus at all companies; when there was disagreement, the CEO was the ultimate decision maker. • Meeting notes were taken in the offsite meetings; strategic outputs in written format were drafted following the strategy formation meetings. • All companies held follow-up meetings to discuss actions arising from offsite meetings or simply to monitor strategy implementation.
	Other avenues for strategy formation
BoD's involvement in strategy formation	• In a consultative capacity: BoDs had regular (quarterly or semi-annually) meetings with management to discuss the strategies agreed (company B in cycles 2 and 3 and company C). • In an executive capacity: BoD members attended and contributed to strategy formation meetings (company A and company B in cycle 4). At company D there was no BoD.
Additional forums to discuss strategy	• *Annual or quarterly meetings* with all employees or a large part of employees to communicate the agreed strategy, take feedback and ensure that alignment in strategy execution existed at all company levels. • *Functional strategy meetings* were held regularly or on as-needed basis. The outcomes were fed back to management who attended the strategy formulation meetings.

The above findings provide specific insights into how strategy processes form in high-growth SMEs and have been compared with the literature review.

Some of Wiesner and Millett (2012)'s six dimensions of strategy processes (the use of formal/written strategic and business plans, analytical processes, involvement of others in strategy processes, the use of objectives in strategy processes, and the review of outcomes against objectives) were found at the case companies. The research findings confirmed the use of simplistic strategy tools, such as brainstorming and SWOT analysis, and, sometimes, more sophisticated tools, such as scenario analysis (companies A and D).

The research findings shed more light into Fletcher and Harris (2002)'s characterisation of strategy formation processes, which included a business plan, choices or decisions, an analysis process, formality of discourse, use of objectives, outcome review, and outside advisors. However, the findings of this research refuted Fletcher and Harris (2002)'s conclusions that entrepreneurs used more emergent than planning approaches. Elements of Platts (1994)'s four features (procedure, participation, project management and point of entry) and Lofving et al. (2014)'s empirically derived criteria of procedure, realisation, and contextual issues were found in the organisational aspects of the case companies.

The literature review did not provide detailed descriptions of the organisational aspects of strategy formation to the extent outlined in the above table, which addressed the format, frequency, duration, venue, agenda, topics for discussion, and modus operandi of strategy formulation meetings. In addition, other avenues of strategy formation, such as BoDs' and employees' involvement in strategy processes, and the interaction of business and functional strategies were identified and described in this dissertation.

6.3 Understanding strategy formation processes in high-growth SMEs

The first aim of this research is to understand how strategy processes of high-growth SMEs form and develop over time.

This research used a qualitative multiple case study methodology underpinned by theory-derived tools (the strategy maps, the PF and AM templates) to explore strategy formation in high-growth SMEs over several years. In this research the investigation of the phenomenon has been conducted holistically from multiple perspectives, which have been explored separately in the literature to date in various studies by different authors.

The within-case analyses have been conducted for each cycle of strategy formation of each company, leading to a total of 16 structured analyses of strategy formation processes. Each cycle has been analysed from five perspectives (strategy formation structures, characteristics, outputs, participants and organisational aspects) comprising eight dimensions (stage structures, iterative stages, cycle features, cycle drivers, cycle characteristics, strategic outputs, participants, and organisational aspects of strategy formation processes).

The within-case analyses have provided detailed findings on each of the 16 cycles of strategy formation which have been cross-analysed systematically using displaying techniques (see section 6.2). The cross-case analyses led to a rich depiction of each cycle of strategy formation and allowed the exploration of the development of strategy formation over several years as it transgressed various types of processes from emergent to deliberate.

The findings resulted from the cross-case analysis of the 16 cycles have been reported by each perspective and dimension (see Table 93 in the Appendix for a detailed presentation of the cross-case analysis findings). Conclusions have been drawn at:

- An overview level, which encapsulates similarities across all companies by cycle (section 6.3.1); and
- At cycle level, which reflects both a summary of similarities across all companies and differences accounted for by possible rival explanations (section 6.3.2).

6.3.1 Overview of strategy formation processes in high-growth SMEs

The findings of the cross-case analyses on strategy formation structures, characteristics, strategic outputs, participants and organisational aspects were collated and summarised below:

- Strategy formation is a dynamic process, whose structure changes over time. The change is reflected in a succession of strategy formation processes ('cycles').
- The case companies ran four cycles of strategy formation during the researched periods. The number of PF stages present in a cycle increased from six stages in cycle 1 to eight stages in cycle 2 and ten stages in cycles 3 and 4.
- Strategy formation evolved from emergent in cycle 1, gradually transitioned to a hybrid model of emergent and planned strategy in cycle 2, and finally reached a planned and prescriptive structure in cycles 3 and 4.
- The drivers leading to the launch of strategy formation processes comprised three categories: governance, learning and performance-related.
- The organisational aspects of strategy formation displayed similarities regarding the format, frequency, duration, venue, agenda, preparation, strategic inputs, and modus operandi of strategy formulation meetings; and other avenues for strategy formation in cycles 3 and 4.
- The strategic outputs drafted following the strategy formation meetings had a predetermined structure, namely included three layers of objectives, and were shared internally and updated regularly.
- Participation in strategy formation followed the same pattern: in the early cycles, CEOs played a dominant role; in the late cycles, when planning and formalism increased, additional management, BoD members and, sometimes, external consultants were involved.

The cycles also exhibited common features. For example, the cycles included a number of iterative stages which decreased with the increase in the formalisation and planning of strategy formation processes: from five iterative stages in cycle 1 to three iterative stages in cycle 2 and two iterative stages in cycles 3 and 4.

6.3.2 Detailed findings on strategy formation processes in high-growth SMEs

The section describes the structures, characteristics and other aspects of strategy formation processes in high-growth SMEs by aggregating and summarising the findings of section 6.3.

Cycle 1

- Strategy formation exhibited features close to an emergent process. Prior to cycle 1 the case companies focused on developing a core product/service as a main activity and embarked on a trajectory of growth. At that point, an emergent strategy was driven by changes in governance (i.e. appointments of new CEOs) or company performance (manager-owners' growth aspirations to accelerate growth).
- Strategy formation was reactive to internal and/or external factors and consisted in a continuous loop of event-response activities. Most of the PF stages present were iterative and intertwined.
- The quick turn of stages was corroborated with continuous and incremental change and learning. CEOs' learning played an important role and impacted subsequent cycles as it represented the basis for CEOs' strategy preparations in cycle 2 or maturation of companies' processes in cycle 3.
- At the start of a high-growth period, strategy formation included five iterative stages (data collection, data analysis, option formulation, selection of the final option, and implementation feedback/revision) to allow CEOs to address business priorities or accelerate business growth.
- The cycle lasted between six to 12 months and was one-off.

Cycle 2

- The cycle was a hybrid between an emergent and a planned strategy formation process given the intentions to form a strategy and the fact that elements of planning emerged.
- The decision to form a strategy was supported by CEOs' learning or companies' growth.

- The seeds of a fully deliberate and prescriptive process were planted and prepared the transition to the following cycle.
- Strategy formation was more complex and structured, driven by a deliberate decision to form a strategy. The process required some preparation ahead of the actual strategy formulation.
- Participation remained centred on CEOs, but was broadened to the executive management and other employees who acted as a sounding board for the hypotheses formulated by CEOs.
- The cycle made the transition from an emergent to a planned cycle. This translated into the presence of additional PF stages compared to cycle 1: the decision to form a strategy and option evaluation.
- Cycle 2 included three iterative stages: data collection, data analysis and option formulation. At companies A and B cycle 2 overlapped with cycle 1 during the data collection and analysis stages because the CEOs' learning and analysis conducted during cycle 1 represented the basis to form a strategy in cycle 2.
- Cycle 2 lasted from two to nine months and was one-off.

Cycle 3

- Cycle 3 was a structured strategy formation process, with established participants and a predefined format.
- The drivers to launch a strategy process were learning, governance or performance-related, or a combination.
- The cycle entailed an intended and deliberate approach, following a prescribed order of activities and involving a predetermined list of participants.
- The process was prepared following a methodology of preparation and running a strategy formulation meeting:
    - The actual strategy formulation meetings were preceded by weekly or fortnight meetings which had an operational character and supported strategy formulation and implementation.
    - Simple or sophisticated strategy tools (depending on the company) were used in the preparation analyses (e.g. SWOT, scenario analyses,

brainstorming).

  - The strategy formulation meetings became more formalised and were run based on pre-agreed agendas.
- Strategy was formulated during offsite meetings which lasted half a day or a day (depending on the company).
- The strategies agreed were communicated to all employees.
- The outcomes of strategy formation processes were formalised in written outputs, which were the basis of the implementation feedback/revision stage and revisited in subsequent strategy formation processes.
- Clearly defined strategic outputs organised in three objective layers were established as a result of strategy formation processes; meeting outcomes included long-term objectives and short-term plans to implement those objectives, accompanied by qualitative and quantitative targets.
- Some of the topics discussed in strategy formulation meetings were followed up in separate meetings focused on implementation.
- Participation in strategy preparation and formulation was extended to executive management teams. Occasionally other managers relevant to the topics discussed were invited to strategy formulation meetings.
- The cycle comprised all ten PF stages and included two iterative stages: data collection and analysis.
- Cycle 3 was recurring and repeated regularly for at least two years. A cycle lasted several weeks, but no longer than three months.
- The cycle continued to be repeated in the same structure bi-monthly, quarterly or semi-annually (depending on the company).

Cycle 4

- Cycle 4 represented a refinement of cycle 3 and preserved the same stage structure. However, some of the organisational aspects and cycle feature changed as follows:
  - Participation in strategy formation was extended to Board members (companies A, B and C) or second tier managers (company D, which had no BoD).

- The length of a strategy formulation meeting was a day at all companies.
- The cycle was recurring and repeated quarterly, semi-annually or annually (depending on the company).
- The cycle was driven by corporate governance requirements (i.e. a change in ownership) or learning drivers (i.e. the maturation of companies' processes or founders' strategic thinking) as opposed to performance drivers at some of the case companies in cycle 3.

6.4 The revised framework

The second aim of this research is to develop a framework for the qualitative study of strategy formation processes in high-growth SMEs. This has been achieved in section 6.4.1 below. Hypotheses on a proposed model for strategy formation in high-growth SMEs have been formulated in section 6.4.2. They remain subject to additional confirmatory case studies.

6.4.1 Development of a framework for the qualitative study of strategy formation processes in high-growth SMEs

The following analyses have been conducted to reflect the impact of the cross-case findings on the literature-derived PF and AM and to develop the revised framework.

Firstly, the columns of Table 80 which represent the PF stages present in the case companies have been juxtaposed against the columns of Table 83 which show the iterative PF stages common across the case companies. The result displays the PF and iterative stages common to minimum three companies and shows that cycles 3 and 4 are identical (see Table 86).

Table 86: PF and iterative stages common across minimum three companies

	Preliminary Framework ('PF') stages	Common PF and iterative stages			
		Cycle 1	Cycle 2	Cycle 3	Cycle 4
1	Drivers	y	y	y	y
2	Decision to form		y	y	y
3	Preparation of formation			y	y
4	Data collection	**y**	**y**	**y**	**y**
5	Data analysis	**y**	**y**	**y**	**y**
6	Option formulation	**y**	**y**	y	y
7	Option evaluation		y	y	y
8	Internal negotiation/authorisation			y	y
9	Selection of the final option	**y**	y	y	y
10	Implementation feedback/revision	**y**	y	y	y

Legend: 'y' marks the presence of a PF stage; bold 'y' represent iterative stages.

Secondly, the four columns of Table 84 which show the AM characteristics common across minimum three companies have been displayed in Table 87. It is observed that cycles 3 and 4 exhibit the same characteristics.

Table 87: AM characteristics common across minimum three companies

	Assessment Matrix characteristics		Cycle characteristics			
			Cycle 1	Cycle 2	Cycle 3	Cycle 4
1	Content	Complexity	Specific, nuanced	Mix	General, simple	General, simple
2	Content	Integration	One strategy	One strategy	Portfolio of	Portfolio of
3	Content	Novelty	Unique	Unique	Generic, clearly defined	Generic, clearly defined
4	Process	Content-related control	Realised patterns	Mix	Intended plans	Intended plans
5	Process	Process-related control	Emergent	Mix	Deliberate	Deliberate
6	Process	Presence of change	Continuous change	Mix	Rarely changing	Rarely changing
7	Process	Pattern or pace of	Incremental	Mix	Occasional	Occasional
8	Process	Source of change	Learning easily	Mix	Mix	Mix
9	Process	Strategic choice	Reactive	Proactive	Proactive	Proactive
10	Process	Strategic thinking	Acting-dominant	Mix	Thinking-dominant	Thinking-dominant
11	Process	Collective (central actors)	He	Them, but centred on him	Them	Them
12	Context	External environment	Dynamic/ complex	Dynamic/ complex	Dynamic/ complex	Dynamic/ complex
13	Context	Company size	Small/Medium	Small/Medium	Medium	Medium

The findings of the cross-case analyses are distilled in a revised framework (see Table 88), which comprises three cycles of strategy formation processes given that cycle 3 and 4 have identical PF stage structures and AM characteristics (as shown in Tables 86 and 87). To avoid confusion with the PF cycles, the cycles of the revised framework have been called ‘typologies’.

Table 88 describes each typology’s stage structure, key cycle features, and characteristics based on the cross-case analysis findings of the previous section. The revised framework comprises the following three strategy formation typologies:

- Typology I, which emulates the cross-case analysis findings of cycle 1.
- Typology II, which emulates the cross-case analysis findings of cycle 2.
- Typology III, which represents the result of the merger of cycles 3 and 4, and encapsulates the findings of both cycles.

Table 88: The revised framework formation

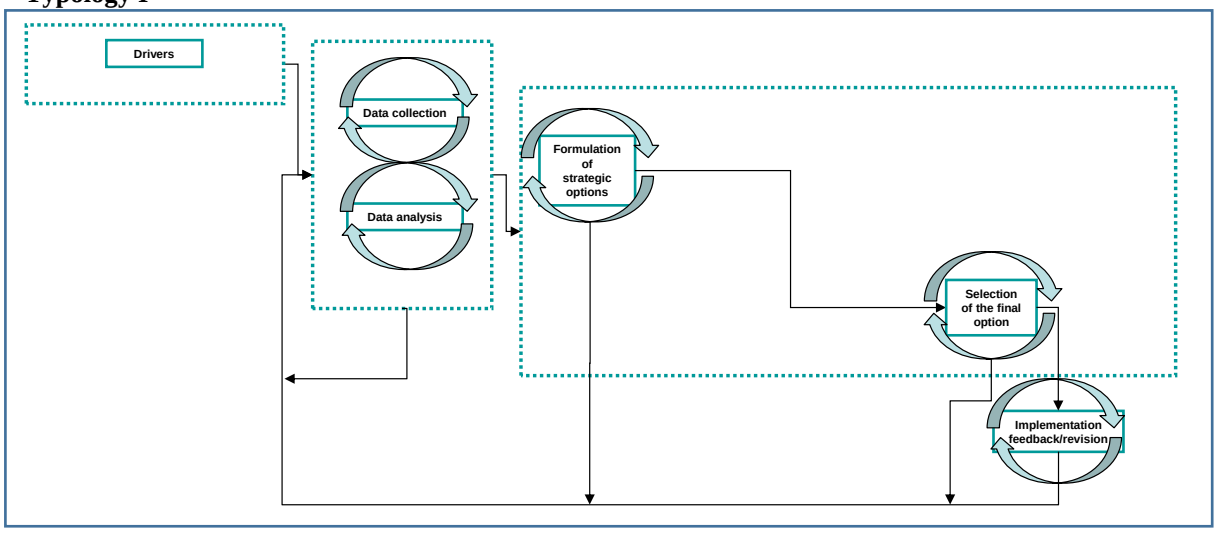
	Typology I	Typology II	Typology III
Stage structure			
PF stage	**Revised framework stages** (iterative nature, if applicable)		
	(from cycle 1)	(from cycle 2)	(from cycles 3 and 4)
Drivers	Drivers	Drivers	Drivers
Decision to form a strategy		Decision to form a strategy	Decision to form a strategy
Preparation of formation			Preparation of formation
Data collection	Data collection (iterative)	Data collection (iterative)	Data collection (iterative)
Data analysis	Data analysis (iterative)	Data analysis (iterative)	Data analysis (iterative)
Option formulation	Option formulation (iterative)	Option formulation (iterative)	Option formulation
Option evaluation		Option evaluation	Option evaluation
Internal negotiation/authorisation			Internal negotiation/authorisation
Selection of the final option	Selection of the final option (iterative)	Selection of the final option	Selection of the final option
Implementation feedback/revision	Implementation feedback /revision (iterative)	Implementation feedback/revision	Implementation feedback/revision
Key cycle features and organisational aspects			
Type of cycle	**One-off**	**One-off**	**Recurring**
Length of cycle	6-12 months	2-9 months	Several weeks (not longer than 3 months)
Frequency of cycle repetition	One-off	One-off	Quarterly, semi-annually
Participants	CEO	CEO, executive management	CEO, executive management, BoD

			members, consultants, additional managers, and employees
Characteristics			
AM characteristic	**Revised framework characteristic values**		
Complexity	Specific, nuanced	Mix	General, simple
Integration	One strategy (business strategy)	One strategy (business strategy)	Portfolio of components (business and functional strategies, potentially corporate strategy)
Novelty	Unique	Unique	Generic, clearly defined
Content-related control	Realised patterns	Mix	Intended plans
Process-related control	Emergent (process)	Mix	Deliberate (process)
Presence of change	Continuous change	Mix	Rarely changing
Pattern or pace of change	Incremental	Mix	Occasional
Source of change	Learning easily	Mix	Mix
Strategic choice	Reactive, in response to external/internal factors	Proactive	Proactive
Strategic thinking	Acting-dominant	Mix	Thinking-dominant
Collective (central actors)	He (CEO)	Them (CEO and others)	Them (CEO and others)
External environment	Dynamic/complex	Dynamic/complex	Dynamic/complex
Company size	Small/Medium	Small/Medium	Medium

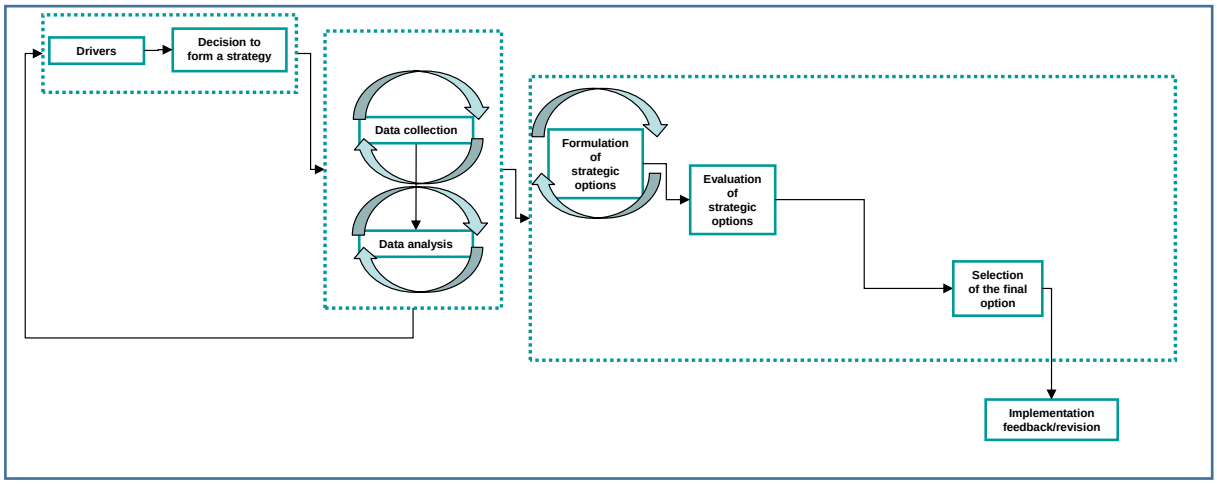
The revised framework has been visualised by amending the figure of the literature-derived PF to reflect the stage structure findings of Table 88 by typology.

Figure 15: A visual representation of the revised framework

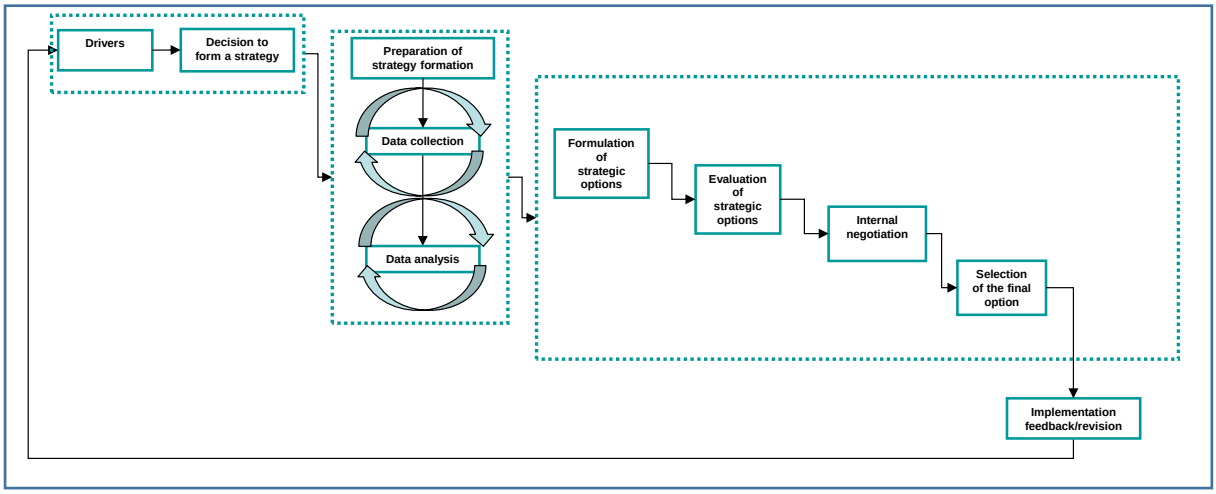
Typology I



Typology II



Typology III



Legend: means an iterative stage

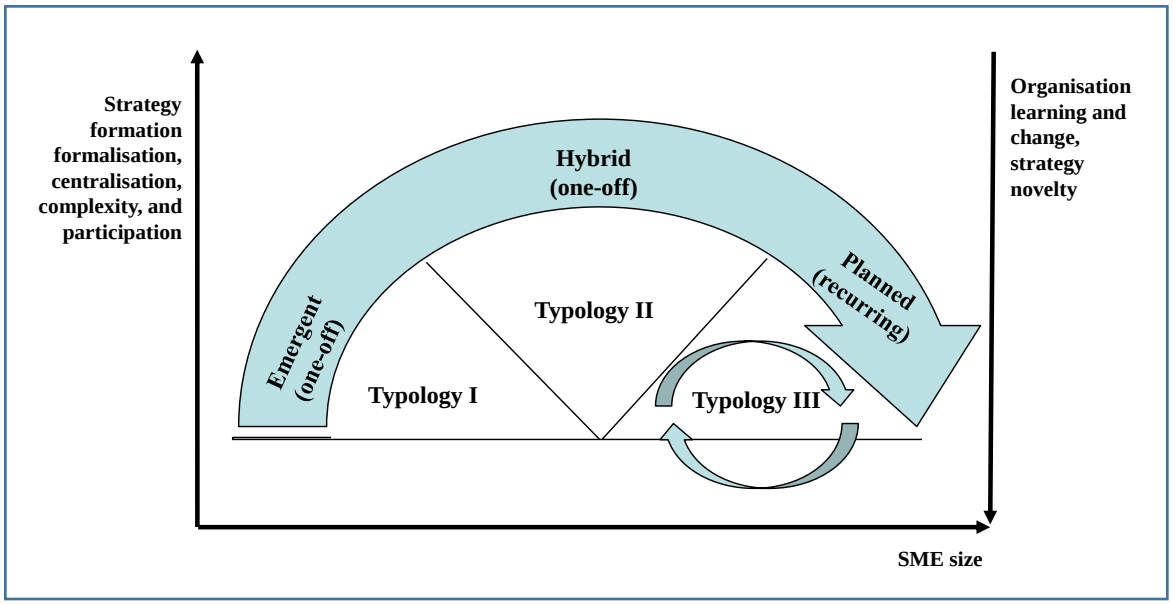
6.4.2 Hypotheses on a proposed model for strategy formation in high-growth SMEs

Further research is needed to ascertain whether the revised framework could become a stand-alone model for strategy formation in high-growth SMEs (see section 7.3.1). The resultant exploratory findings of this research are conducive to the formulation of the following hypotheses:

- Strategy formation in high-growth SMEs moves along a strategy formation continuum, as displayed in Figure 16, from an emergent-type process (Typology I) to a hybrid state of transition (Typology II) and becomes a planned process eventually (Typology III). In this context, a typology refers to a set of approaches to strategy making (Verreynne, 2006). Typology III represents a stable process structure which is repeated regularly.

- Furthermore, as SMEs move along the strategy formation continuum and grow, the formalisation, centralisation, and complexity of processes as well as participation in strategy formation increase. In parallel, SMEs' learning, change and strategy novelty decrease.

Figure 16: The strategy formation continuum



- The key aspects of the typologies can be summarised as follows:
  - Typology I reflects an emergent strategy process, which takes place once and includes iterative response-event loops within the process. The stage structure, characteristics and other aspects of Typology I correspond to those of cycle 1 (see section 6.3.2).
  - Typology II introduces planning elements and makes the transition to the fully structured process of Typology III. The strategy formation process of Typology II is one-off and emulates cycle 2's structure, characteristics and other aspects (see section 6.3.2).
  - Typology III represents a recurring fully planned and structured strategy formation process. Its format corresponds to cycles 3's and 4's stage structures and characteristics (see section 6.3.2). Typology III presents the organisational aspects of cycle 3, which can be refined to emulate the changes of cycle 4 as follows:
    - to expand the participation in strategy formulation to BoD members (if a BoD is in place) or additional managers, employees and consultants
    - to extend the length of a strategy formulation meeting to a day if necessary.

6.5 Cross-case analysis of enablers and barriers and the role of strategy formation in achieving growth

The third aim of this research is to identify enablers and barriers related to strategy formation processes in high-growth SMEs. The cross-case analysis groups the enablers and barriers identified in the within-case analyses by commonalities. A similar approach has been taken for the cross-comparison analysis of the role of strategy formation in achieving growth.

6.5.1 Enablers

Common enablers related to strategy formation found in the case companies have been grouped and summarised in Table 89 below.

Table 89: Comparison of enablers

Company	A	B	C	D
New enablers (not found in the literature review)				
• Ensuring alignment among executive managers to agree and subsequently implement a strategy content	y	y	y	y
• Providing engagement of the lower management tiers and, ultimately, of the whole company with the strategy	y	y	y	y
• Leading to increased cohesion and bonding among executive managers	y	y	y	y
• Having structured clear internal processes and forums to form strategy	y		y	y
• Having clarity in strategy content and strategy formation process	y		y	y
• Having access to capital not only to enable growth, but also to allow management the mental space to think strategically in the long-term instead of being pre-occupied with raising capital		y	y	y
Existing enablers (found in the literature review)				
• Being a catalyst for company's growth	y	y	y	y
• Preserving the cultural identity of a company to provide a work environment attractive to employees	y	y	y	

Legend: 'y' means the finding of that enabler

New enablers

The newly identified enablers supplement the literature review with new insights. A number of the new enablers revolve around the role of strategy formation in strengthening the cohesion of senior management and the engagement of an entire organisation. Clarity in strategy formation processes and content of the agreed strategy were mentioned by the majority of interviewees.

Existing enablers

The research confirmed a number of the enablers found in the literature review, which classified enablers into four categories: market and competition, organisational structure, firm size, and managers' education and growth aspirations (Wang et al., 2007; Droege and Marvel, 2009; Kiridena et al., 2009; Jocumsen, 2004).

This research found that strategy formation was a catalyst for business growth. The finding was aligned with Wang et al. (2007)'s work which found that owners' growth motivations impacted planning existence and intensity. The research findings which identified a connection between strategy formation and a company's cultural identity were similar to Kiridena et al. (2009)'s conclusion, which found culture as one of the factors which influences strategy formation.

Access to capital enabled growth and allowed management the mental space to think strategically. This enabler mitigated a barrier to strategy formulation found in the literature related to time scarcity (De Kok et al., 2002; Robinson and Pearce, 1984a).

6.5.2 Barriers

The barriers resulted from the within-case analyses have been compared and grouped in two categories:

- barriers identified in the literature review and confirmed by this research
- new barriers (not found in the literature review).

Existing barriers confirmed by this research

- Dedicating more time and attention as a team to strategy formation (companies C and D) - The finding confirmed the barrier of time scarcity of Robinson and Pearce (1984a) and Shuman and Seager (1986).
- Setting the executives into a strategic mindset and motivating them to engage actively in strategy formation (companies C and D) - The barrier confirmed Shuman and Seager (1986)'s and Golde (1964)'s findings that managers believe planning was a futile exercise which lacked any benefits.
- Persuading the executives involved in strategy formation to think in a structured way and ensuring they disconnect from day-to-day issues and see the big picture (companies C and D) - The finding confirmed the barriers of knowledge and expertise scarcity of Pun (2004) and Robinson and Pearce (1984a).
- Sometimes a strategy formation process revealed a misalignment of objectives and differences of growth strategies between shareholders and management (companies A and D) - The finding was partially aligned with Pun (2004)'s work, which cited ineffective internal coordination and poor communication of goals across an organisation as barriers.
- A disconnect between strategic thinking and tactical actions led to the wider company's not following with strategy implementation (companies A and D) - The two barriers above were also identified by Pun (2004), who found that not well-defined tasks and responsibilities could be a barrier.

New barriers

- Insufficient clarity in strategy and decision making - sometimes there was a tendency to debate too much and not to reach clearly, implementable conclusions in strategy formulation meetings (companies A and D).
- The increase in the standardisation and formalisation of internal processes was a strain on company's ability to innovate (company A).
- Risk adversity when making investment decisions and taking responsibility for associated risks derived from operating in a specific industry (e.g. the IT industry) (company D).

- Cultural inertia and resistance/adjustment of an organisation to change and implement strategic decisions (company D).

Each new barrier was found in less than three companies; therefore, it can reflect particular circumstances of the case companies.

6.5.3 The role of strategy formation in achieving growth

Within-case findings on the role of strategy formation in achieving growth were compared. The outcome was divided between factors found in the literature and new factors, as shown in Table 90 below:

Table 90: Comparison of the role of strategy formation in achieving growth

Company	A	B	C	D
Existing factors (identified in the literature review)				
• The CEO had high aspirations for growth and stated them during strategy formation processes.	y	y	y	y
• Strategy formation, as planning, was associated with positive impact on performance.	y	y	y	y
New factors (not identified in the literature review)				
• Planning was not a predecessor to high-growth performance; it was one of the factors, but not the only factor explaining growth.	y	y	y	y
• Preserving corporate culture and values and being a preferred work place were a priority discussed during strategy formation processes.	y	y	y	
• Recruiting talented people was related to growth, in conjunction with company specific drivers: alignment of financial incentives (i.e. giving employees shares in company B), setting clear corporate values and ensuring that new recruits fit with company's values (company C) or broadening the knowledge of top management (company D).		y	y	y
• Management team's work and common understanding of company's vision and strategy were nurtured throughout strategy formation.	y		y	y
• Instilling a culture of communication of company's goals and capabilities to achieve growth contributed to achieving growth.	y		y	y

Legend: 'y' means the finding of that factor at a case company.

Some of the findings confirmed the literature review, but the majority of them represented new factors. Strategy formation contributed to achieving growth and preserving a corporate's culture and values, and became a key determinant in recruiting new talents and instilling a culture of communication.

The findings that CEOs had high aspirations for growth which were formulated during strategy formation confirmed Wang et al. (2007)'s findings that owners' motivation for growth impacted planning's existence and intensity. Strategy formation was associated with performance and positively impacted performance; this finding agreed with Gibson and Casar (2005)'s and Robinson and Pearce (1984b)'s conclusions.

Van Gelderen et al. (2000) found a positive correlation between firms' success and propensity to plan, where planning entailed a top-down or proactive approach. Similarly, Weisner et al. (2012)'s survey found that 94% of the respondent SMEs considered planning important to business success.

Additionally, the cross-case analysis found that each company looked at the link between strategy formation and growth through specific lenses:

- Company A: The strategy formation process was a catalyst for company's growth because each strategy formation cycle led management to look for new ways of achieving growth and to set up ambitious growth targets.
- Company B: The articulation of highly ambitious growth targets was set from the start and was an integral part of strategy formation.
- Company C: Strategy formation was one of the three factors which explained the growth performance. The formalisation of strategy formation processes allowed management to brainstorm growth ideas and select the viable ones more quickly.
- Company D: Strategy formation prompted a change in founders' and management's mindsets to run the business in a more structured and formalised way; it also brought clarity regarding company's competences, mission and objectives. The strategy formation process had a key contribution to growth performance as it triggered business transformations which led to growth.

6.6 Chapter conclusion

This chapter presented the cross-case analyses and their associated findings. The within-case analysis findings across 16 cycles of strategy formation processes were compared for each perspective and dimension by cycle across all the companies. The resultant cross-case analysis findings provided rich insights into strategy formation in high-growth SMEs.

The cross-case analyses concluded that the strategy formation of all case-companies was dynamic, evolved over time and comprised four cycles for each company. Early cycles presented features of emergent strategies and were unstructured, CEO-centric, and often reactive to external or internal stimuli. Late cycles marked the transition to planned and intended processes, and had stable stage structures which repeated regularly. The formalisation aspects of the late cycles increased and assumed written strategic outputs and increasing participation.

A revised framework for the qualitative study of strategy formation processes in high-growth SMEs was developed from the literature-derived PF by applying the cross-case analysis findings. Three typologies of strategy formation processes and their associated characteristics were articulated in the revised framework. A visual representation of the revised framework was drawn. Furthermore, preliminary hypotheses that strategy formation in high-growth SMEs crosses a continuum from an emergent and a hybrid to a planned process have been formulated. This proposed model of strategy formation needs to be confirmed by confirmatory case studies.

Enablers and barriers related to strategy formation in high-growth SMEs were identified and compared to the literature review. The comparison led to the identification of six new enablers and four new barriers. The new enablers indicated that strategy formation was linked to strengthening the cohesion of executive managers and aligning entire organisations to the agreed strategy. A new barrier referred to insufficient clarity in strategy and decision making.

The role of strategy formation processes in achieving growth was analysed cross-cases. Seven commonalities, of which five were new findings, were identified. One of the key findings was that planning was not a predecessor to high-growth, but one of the factors explaining it.

7 Summary and conclusions

This dissertation studied how strategy processes in high-growth SMEs formed, developed a revised framework for the qualitative analysis of strategy formation processes in high-growth SMEs, and identified enablers and barriers related to those processes.

The literature review conducted on high-growth SMEs and strategy formation led to the identification of the research gap and questions. The literature-derived PF and AM templates were used to execute the case study research design. Within-case and cross-case analyses were conducted. The resultant findings were discussed in the context of the extant literature.

The chapter summarises the research findings and outlines the contribution to knowledge (theory, practice and research methods), research limitations, and future research directions.

7.1 Overview of research findings and contribution to knowledge

High-growth SMEs represent the growth, innovation and job creation engine of an economy. Governments encourage the development of high-growth SMEs through monetary and non-monetary incentives; however, little has been understood on how strategy forms and develops in high-growth SMEs.

The objectives of this research are:

- to understand how strategy forms and develops in high-growth SMEs
- to develop a framework for the qualitative study of strategy formation processes in high-growth SMEs based on existing literature frameworks
- to identify enablers and barriers related to strategy formation processes in high-growth SMEs.

An overview of the contribution to knowledge has been presented in Table 91 below and detailed in the ensuing sections.

Table 91: Summary of contribution

Contribution to theory
➢ This research provides a holistic rich longitudinal depiction of strategy formation in high-growth SMEs over several years, underpinned by 16 strategy formation cycles and their detailed structured analyses. The research presents how strategy formation develops in cycles which navigate the emergent-deliberate continuum. • The research used a case study methodology and studied the phenomenon during several years. • The within-case analyses have been anchored in the literature-derived PF and AM templates as well as strategy maps (chapter 5). • The within-case analysis findings of the 16 cycles have been cross-analysed from five perspectives comprising eight dimensions (section 6.2). • The cross-case analysis findings bridge the dichotomy between divergent views on strategy formation (emergent versus planned) in the literature and, thus, paves the way to a unified theory of strategy formation, which drives the agenda for future research (section 7.3). ➢ A revised framework for the qualitative study of strategy formation processes in high-growth SMEs was articulated: • The revised framework synthesised the cross-case analysis findings and identified three strategy formation typologies and their associated structures, characteristics and aspects (Table 88). • A visual representation of the revised framework was developed (Figure 15). ➢ New enablers and barriers related to strategy formation processes in high-growth SMEs have been identified. The enablers and barriers already found in the literature review have been confirmed or refuted. New findings regarding the role of strategy formation in achieving growth have been articulated and compared to the extant literature (section 6.5).
Contribution to practice
➢ This dissertation narrows the gap between strategy formation in academia and real life by providing practitioners with:

• a detailed description of the development of the strategy formation processes of the case companies, including the stages and characteristics of each strategy formation cycle (sections 5.1.1, 5.2.1, 5.3.1 and 5.4.1) • enablers and barriers encountered in strategy formation and factors related to strategy formation in achieving growth (sections 5.1.2.4, 5.2.2.4, 5.3.2.4, and 5.4.2.4). ➢ The detailed case studies can be used by SMEs' managers as guidelines for the development of strategy formation processes. ➢ The research can also help SMEs' managers to leverage the experience of the case companies to tackle barriers encountered in strategy formation and stimulate enablers to strategy formation.
Contribution to research methods
➢ Two methods of qualitative research into strategy formation processes have been developed from the literature review: the preliminary framework (PF) and the assessment matrix (AM) (sections 4.1 and 4.2). ➢ The dissertation has introduced: • a new approach to strategy charting, called strategy mapping (section 4.3.4.1) • new strategy formation or cycle features (section 5.1.2.1-3) ➢ The research has developed a revised framework for the qualitative study of strategy formation processes in high-growth SMEs (Figure 15, Table 88).

7.1.1 Contribution to theory

The contribution of this research has been to provide a holistic and rich longitudinal depiction of cycles of strategy formation in high-growth SMEs as they move along the emergent-deliberate continuum. This contribution differentiates itself from the extant literature as follows:

- Firstly, this holistic view *has linked in a single piece multiple perspectives of strategy formation characterisation* which have to date been presented in the literature separately (see Table 92). These perspectives comprise strategy formation stage structures, iterative stages, process features, drivers for strategy formation,

process characteristics, strategic outputs, participants in strategy formation, and organisational aspects of strategy formation processes. Furthermore, enablers and barriers related to strategy formation processes, including the role of strategy formation in achieving growth, have been also examined. Further details on the actual research findings in relation to each perspectives have been outlined in sections 7.1.1.1-4.

- Secondly, this research has used a multiple case study methodology and qualitative approach *to explore strategy formation in high-growth SMEs over a period of several years* whilst the vast majority of the literature reviewed has researched the phenomenon at a single point in time and/or used quantitative research methods.

The above findings and approach have implications in positioning this research in the extant literature. The research bridges a gap in the literature between divergent views on strategy formation (emergent versus planned) and shows that existing dichotomic literature claims are in consensus when strategy formation is considered holistically and viewed as a fluid transition between states of strategy formation (cycles) at different points in time along the emergent-deliberate strategy formation continuum (see Table 92 and the ensuing comments).

This contribution opens the door to a unified theory of strategy formation and sets the tone for a future research agenda to continue the work to formulate a unified theory on strategy formation (see section 7.3).

Table 92: Comparison of research findings with the literature review

Findings on	Cycle	Literature review which confirmed the research findings	Literature review which refuted the research findings
Cycle structure	Cycles 1 and 2	Quinn (1978), Mintzberg (1985), Robinson and Pearce (1984b), Droege and Marvel (2009), Verreynne (2006), Jocumsen (2004), Liberman-Yaconi et al. (2010), Barnes (2002)	Berry (1998), Shuman and Seager (1986), Wisener and Millett (2012), Stonehouse and Pemberton (2002), Ackelsberg and Arlow (1985)
	Cycles 3 and 4	Berry (1998), Shuman and Seager (1986), Wisener and Millett (2012), Stonehouse and Pemberton (2002), Ackelsberg and Arlow (1985)	Quinn (1978), Mintzberg (1985), Robinson and Pearce (1984b), Droege and Marvel (2009), Verreynne (2006), Jocumsen (2004), Liberman-Yaconi et al. (2010), Barnes (2002)
Drivers	All cycles	Liberman-Yacomi (2010), Jocumsen (2004)	Kiridena et al. (2009), Shuman and Seeger (1986)
Iterative stages and cycle features	Cycles 1 and 2	Quinn (1982), Miller (1982, 1984), Gibcus and Kemp (2003), Mintzberg (1976; 1978), Wisener et al. (2012)	Wisener et al. (2012)
	Cycles 3 and 4	Wisener et al. (2012)	Quinn (1982), Miller (1982, 1984), Gibcus and Kemp (2003), Mintzberg (1976; 1978), Wisener et al. (2012)
Cycle characteristics	Cycles 1 and 2	Berry (1998), Marlow (2000), (Barnes (2002), (Quinn (1978), Mintzberg and Waters (1985), de Wit and Meyer (2001), Fletcher et al. (2002), Verreynne (2006), Jennings and Beaver (1997)	Miller (1982), Wiesner et al. (2012), Stonehouse and Pemberton (2002)

	Cycles 3 and 4	Miller (1982), Wiesner et al. (2012), Stonehouse and Pemberton (2002)	Berry (1998), Marlow (2000), (Barnes (2002), (Quinn (1978), Mintzberg and Waters (1985), de Wit and Meyer (2001), Fletcher et al. (2002), Verreynne (2006), Jennings and Beaver (1997)
	All cycles	Gibcus and Kemp (2003), Wrona and Ladwig (2014), Mintzberg (1987), Stonehouse and Pemberton (2002), Robinson and Pearce (1984b), Barnes (2002), Eisenhardt (1989)	Perks (2006), Van Gelderen et al. (2000)
Strategic outputs	Cycles 3 and 4	Ackelsberg and Arlow (1985), Bracker and Keats (1988), Wiesner and Millet (2012), Stonehouse and Pemberton (2002), Barnes (2002), Berry (1998)	
Participants	Cycles 1 and 2	Shuman and Seeger (1986), Robinson and Pearce (1984a), Baines et al. (2005), Wiesner and Millet (2012), Shuman and Seeger (1985)	Wiesner and Millet (2012), Baines et al. (2005), Harris et al. (2000)
	Cycles 3 and 4	Wiesner and Millet (2012), Baines et al. (2005), Harris et al. (2000)	Shuman and Seeger (1986), Robinson and Pearce (1984a), Baines et al. (2005), Wiesner and Millet (2012), Shuman and Seeger (1985)
Organisational aspects	Cycles 3 and 4	Wiesner and Millett (2012), Platts (1994), Lofving et al. (2014)	Wiesner and Millett (2012), Fletcher et al. (2002)

A number of the literature review findings which support an emergent-predominant view of strategy formation – showed in light grey in Table 92 – concurred with the findings of this research for cycles 1 and 2 when strategy formation exhibited features of an emergent strategy. However, these papers implicitly refuted the findings of Cycles 3 and 4 when strategy formation transitioned to a planned process.

Conversely, other authors who support a planned-predominant view of strategy formation – showed in light green in Table 92 – converged with the findings of this research for cycles 3 and 4. Mirroring the same principle as above, these authors refuted the findings of this research for Cycles 1 and 2.

This research unites both groups of supporters as it considers strategy formation holistically, formed in cycles and moving along the emergent-deliberate continuum. Or in Mintzberg and Waters (1985)'s words: "Deliberate and emergent strategies may be conceived as two ends of a continuum along which real-world strategies lie". At the beginning of the strategy formation journey, the findings of the researchers who support an emergent-view of strategy formation were valid. However, as the strategy formation process developed and transitioned towards a planned process, the findings of the second group of researchers gained prevalence. Therefore, both researcher groups' claims are valid in their own right at different points in time of the strategy formation journey.

7.1.1.1 The structures and characteristics of strategy formation processes in high-growth SMEs

According to the literature review, researchers have not reached a consensus whether strategy formation in high-growth SMEs should be similar to that of large or small firms or should use some elements of the strategy formation processes of large firms.

The structures and characteristics of the strategy formation processes of the case companies were analysed by using the theory-derived PF and AM templates. The analyses showed that strategy formation in high-growth SMEs:

- was a dynamic process, which changed over time and comprised four processes (cycles), whose stage structure, characteristics, analytical content and organisational aspects evolved
- was driven by governance, performance, or learning-related factors, or a combination of those factors
- evolved from an unplanned, emergent to a hybrid and, then, a planned process.

The number of PF stages increased gradually from six in cycle 1 to a stable structure of ten stages starting in cycle 3. Conversely, the number of iterative stages decreased gradually from five in cycle 1 to two in cycles 3 and 4. The case companies exhibited common recurrence, length, frequency, and sequence cycle features (see section 6.2 for details).

7.1.1.2 Other aspects of strategy formation processes

Within-case and cross-case analyses of strategic outputs, participants and organisational aspects of strategy formation processes were conducted.

The analysis of strategic outputs provided in-depth insights into the types of deliverables resulted from strategy formation processes, the frequency of updating those deliverables, persons responsible with their preparation, the structure and the purpose of deliverables. Starting in cycle 3 all companies began to issue structured strategic plans covering several years and including a mission, business objectives, and specific actions. The strategic plans were revised regularly and served as planning and strategy implementation monitoring tools.

The analysis of participants in strategy formation provided new insights through a detailed account of participants and their responsibilities by cycle. In the early cycles strategy formation was CEO-centric; in the late cycles the process gradually evolved to include the executive management, additional managers, employees, BoD members and consultants.

The organisational aspects of strategy formation processes, which included preparation activities and aspects related to strategy formulation meetings, were outlined in detail. When processes became more structured, a key forum for strategy formation was the offsite meetings, supported by other avenues for strategy formation, such as regular operational or functional meetings.

The literature gaps regarding strategic outputs, participants and organisational aspects of strategy formation process were addressed. Literature review findings were confirmed or refuted.

7.1.1.3 An overview of strategy formation in high-growth SMEs and the development of the revised framework

This dissertation found that strategy formation processes in high-growth SMEs developed in four cycles, which are summarised below:

- Cycle 1 emulated an emergent strategy and was driven by governance or growth performance-related drivers. CEOs were the key actors and responded to internal or external factors affecting companies' businesses. Learning was a key characteristic of strategy formation and strategy formed in iterative event-response loops.

- Cycle 2 represented a hybrid between an emergent and a planned strategy formation process. CEOs remained the key actors. Participation in strategy formation broadened to first-tier managers. The process became more structured and formalised, and included additional PF stages, but did not reach a complete PF structure.

- Cycle 3 represented a deliberate approach to strategy formation and comprised all PF stages. Strategy formation was thoroughly prepared and had a clear routine of organisational aspects. The process was regularly repeated respecting the same stage structure. Participation in the actual strategy formation process was extended

to tier-two managers. When there was a BoD in place, BoD members were involved only in strategy formulation in a consultative role.

- Cycle 4 represented a refinement of cycle 3. The cycle continued in the same format and stage structure as cycle 3; however, participation throughout the whole strategy formation process was broaden to BoD members and other managers (where a BoD did not exist). The offsite strategy meetings were extended to a full day at some companies.

The findings of the four cycles have been distilled into a revised framework for the qualitative study of strategy formation processes in high-growth SMEs.

7.1.1.4 Enablers and barriers related to strategy formation processes in high-growth SMEs and the role of strategy formation in achieving growth

All companies encountered enablers and barriers related to strategy formation processes. The research found six new enablers and highlighted the role of strategy formation in aligning senior management members and an entire organisation to achieve an agreed strategy, and providing clarity in strategy processes and contents.

Four of the nine barriers identified, such as insufficient clarity in strategy formation, increase in process standardisation, risk adversity to decision making, and cultural inertia to change, represented new findings into the challenges faced by high-growth SMEs in strategy formation processes. Other barriers, such as managers' lack of time, interest and experience in strategy formation; and the misalignment of objectives between managers and owners confirmed the literature review findings.

Common factors and themes were found across all case companies and new findings helped to understand the relationship between growth and strategy formation processes better. Factors existing in the literature, such as managers' growth aspirations and planning existence, and new factors, such as corporate values, recruitment of talented people, a

corporate culture of communicating companies' growth objectives and working towards achieving them, were linked to growth performance.

Each company perceived the role of strategy formation in achieving growth from a different angle (i.e. a growth catalyst, articulation of over-ambitious growth targets, optimisation of decision making via formalisation, and a change of mindset to strategic thinking), demonstrating the complexity of the relationship.

7.1.2 Contribution to practice

The literature review found a gap between theoretical frameworks and the way strategy forms in real life. The dissertation aims to narrow the gap by providing insights from detailed real life case studies into how strategy processes form and how growth is enabled.

One of the causes for not planning most frequently cited by SMEs' owners/managers was the lack of knowledge (Pun, 2004; Robinson and Pearce, 1984a). The practitioners of the case companies faced challenges to form a strategy and achieve growth, and learned how to address them. The findings of this research could help practitioners to recognise enablers and mitigate barriers encountered in strategy formation.

Another cause for not planning frequently cited by owners/managers was the perceived low usefulness of planning (Shuman and Seager, 1986; Golde, 1964). This research provides insights into the link between strategy formation and growth from the practical experience of the managers of the case companies.

The findings could change SME managers' negative perception of the relevance of strategy formation and encourage them to dedicate time for strategy formation to achieve growth. The interviewees showed interest in reading the dissertation to learn from the experiences of the other case companies. The findings of this research could be summarised in a booklet including the case study narratives, enablers and barriers to strategy formation, and strategy formation factors which can contribute to achieving growth.

7.1.3 Contribution to research methods

The contribution to research methods was the articulation of the PF and AM to conduct research into the structures and characteristics of strategy formation processes in high-growth SMEs.

The PF was developed from strategy formation frameworks of large and small firms existing in the literature. Each PF stage was derived from a synthesis of the commonalities of existing frameworks. The PF comprises ten stages which take place in a predetermined sequence.

The AM was developed from process characteristics existing in the literature and used to assess and compare strategy formation processes. The AM comprises 13 characteristics-criteria and a range of possible values for each criterion.

The PF and AM templates were filled out based on information specific to each company's processes. The structures and characteristics of the processes of the case companies were compared to the literature-derived PF and AM. The use of the PF and AM could be extended to the study of the strategy formation processes of companies of any size.

Another contribution was a novel strategy charting method for the purpose of data analysis. The adapted strategy charts were called strategy maps. The use of the strategy maps could be extended to the analysis of the strategy formation processes of companies of any size. Additionally, new behavioural features of strategy formation processes (cycle recurrence and sequence) were identified following the within-case and cross-case analyses.

A key contribution of this research was to refine existing frameworks into a revised framework for the qualitative study of strategy formation processes in high-growth SMEs. Three strategy formation typologies and their associated characteristics and organisational aspects were articulated by synthesising the cross-case analysis findings of the four PF cycles. A visual representation of the revised framework was drawn starting from the PF figure and showed the development of strategy formation processes.

7.2 Research limitations

7.2.1 Reflexivity

Reflexivity means that the interpretation of data could be deemed subjective given "the subjectivities of the researcher and those being studied" (Flick, 2002) or the fact that "the interviewee gives what interviewer wants to hear" Yin (2003).

Reflexivity is a limitation of this research as the study has been conducted by a sole researcher. The following techniques were used to overcome the researcher's bias:

- A thorough research methodology was built based on an extensive literature review, which explored theoretical concepts and supported the articulation of theory-derived research methods.
- Data was collected using interview protocols and detailed interview questionnaires, and considered triangulation procedures.
- Information was analysed using predefined research methods (the PF and AM templates).

7.2.2 Bias with the use of historical data or retrospective case studies

Interviews are "one the most important sources of case study information" (Yin, 2003). This research used a retrospective case study methodology and relied on respondents' recollection of events, which could be imperfect, and interpretation of events.

In order to circumvent the bias the following approaches were used:

- Primary data for each case study was collected from multiple respondents by interviews and emails. Respondents were interviewed separately and the same interview protocol was used for each respondent.
- Primary data was triangulated with secondary data collected from multiple sources, including company websites, accounts filed with the Companies House, news

articles, interviews, and presentations given by company executives at the conferences attended by the researcher.

- The case study narratives were drafted based on primary and secondary data, and verified by interviewees.

7.2.3 Generalisation issues

This dissertation used a qualitative research methodology and a case study research design. Flick (2002) pointed out that "it is often forgotten that to generalise findings of a study based on a limited number of interviews" is one form of numerical generalisation and not necessarily the right one "as many qualitative studies aim at developing new insights and theories."

He argued that the number of cases was less relevant, rather "the quality of sampling decisions on which the generalisation depends" and ensuring that the findings built on a robust theoretical background matter were more important. Therefore, it is more relevant to ask which cases have been chosen and why, rather than how many cases (Flick, 2002). In line with Flick's (2002) recommendation the case companies were sampled based on detailed criteria, rigorously built from the literature review.

Yin (2003) recommended literal and theoretical replication for multiple case studies. The number of literal replications is a "matter of discretionary choice"; the smaller the number of literal replications, the higher the differences between the phenomenon studied and rival theories. The number of theoretical replications depends on the impact of external conditions. The smaller the number of theoretical replications, the less variation the external factors are expected to cause to the phenomenon studied.

This research provided a relatively small number of literal and theoretical replications given the gross differences between the phenomenon studied and rival theories. Also, external conditions did not cause much variation in the phenomenon. However, the number

of case studies remains a limitation of this research and future research directions have been recommended in section 7.3.

The research findings were derived from 16 cycles of four extensive case studies built on in-depth interviews with multiple respondents at each case company. The purpose of this research was not to provide a statistical generalisation, but to explore and describe a phenomenon which was limitedly researched by current academic studies, and to make a contribution through new insights into strategy formation processes in high-growth SMEs. The resultant exploratory findings can be generalised following additional research (see section 7.3.1).

7.2.4 Issues around company selection

All the case companies were headquartered in South-East England. Many high-growth companies are located in South-East due to London's proximity. The majority of the companies selected through the sampling criteria defined in this research operated in services sectors. The study had not intentionally targeted service providers. However, England is a services-dominated economy and the majority of high-growth SMEs operate in services.

The above selection issues might have implications on findings. Future research is recommended to study companies operating outside South-East. Additionally, future research could select same-sector companies as the case companies are sector-agnostic.

This research excluded non-high-growth SMEs from its sample of case companies. Further research is recommended to examine whether non-high-growth SMEs lead to contrasting or different findings to this research.

7.3 Future research directions

Future research directions relate to the generalisation of findings on strategy formation in high-growth SMEs, further development of the research methods, enablers and barriers related to strategy formation processes, and the role of strategy formation in achieving growth.

7.3.1 Generalisation of findings

A future research area has been anticipated earlier in this chapter and refers to continuing the work on the findings which bridge the dichotomy between the early and late cycles literature findings and substantiate the articulation of a unified theory of strategy formation in high-growth SMEs. More specifically, additional research is recommended to deepen the findings on cycle structures, characteristics and other aspects of strategy formation processes.

Several research recommendations to address the generalisation limitation and confirm whether the revised framework can withstand the tests of a stand-alone, prescriptive model of strategy formation in high-growth SMEs are proposed below:

- to conduct additional case studies to test the research findings on companies within the same industry and country (e.g. the approach used by Liberman-Yaconi et al., 2010), or across multiples sectors and countries (e.g. Chetty et al. (2014)'s approach)
- to assess and refine the revised framework through action research in high-growth SMEs (e.g. similar to Platts et al. (1998)'s work)
- to confirm whether the revised framework can be a model for strategy formation in high-growth SMEs by conducting additional, less in-depth case studies (e.g. as Jocumsen (2004) proceeded)
- to use a survey approach to complement the detailed exploratory findings of this research (e.g. similar to Wiesner and Millett (2012)'s work).

7.3.2 Further development of research methods

The dissertation uses research methods built rigorously on approaches existing in the literature to study strategy formation processes in high-growth SMEs. The use of the PF and AM is not incumbent neither on the size nor on the growth rate of the case companies. Therefore, the PF and AM methods can be refined and extended to the study of strategy formation in large companies.

7.3.3 Developments of enablers and barriers

This research investigated the enablers and barriers related to strategy formation process in high-growth SMEs. Additional directions for future research could aim to explore the causal link between enablers and barriers, on one hand, and growth, on the other hand.

Furthermore, future research could classify enablers and barriers based on the strength of their relationship with growth performance. Another possible research direction could be to identify mitigants to address or to prevent the emergence of barriers to strategy formation.

7.3.4 The role of strategy formation processes in achieving growth

This research investigated the role of strategy formation processes in high-growth SMEs in achieving growth from an exploratory perspective.

Further research could classify the strategy formation factors related to achieving growth into determinants and resultants, and measure the strength of the relationship between those factors and growth. Additional research could explore whether the findings of this research can be extrapolated to large companies.

8 References

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9 Appendix

A detailed presentation of the cross-case analysis findings by cycle has been presented in the following pages.

Table 93: Cross-case analysis findings

Perspective	Process structure				Process characteristics		Other aspects of strategy formation						Enablers and barriers		
Dimension	**Structure of process (cycle), iterative stages and drivers**		**Process (cycle) features**		**Characteristics of process (cycle)**		**Strategic outputs**		**Participants**		**Organisational aspects**		**Enablers**	**Barriers**	**The role of strategy in achieving high-growth factors**
Scope of analysis	4 cycles at all companies	10 stagesx16 cyclesx2 templates=320 stages	4 cycles at all companies	5 featuresx16 cycles=80 features	4 cycles at all companies	13 characteristicsx16 cycles=208 characteristics	4 cycles at all companies	4 companiesx4 cycles= 16 cycles	4 cycles at all companies	4 companiesx4 cycles= 16 cycles	4 cycles at all companies	10 organisational aspectsx8 cycles=80 organisational aspects	28 enablers analysed: found 6 additional and 2 existing	15 barriers analysed: found 3 additional and 5 existing	28 factors analysed: found 5 additional and 2 existing
Overview of findings	Cycle 1	#PF stages: 6, # Iterative stages: 5. Governance and performance related drivers.	Cycle 1	Cycle lasted between six to 12 months; one-off cycle	Cycle 1	Emergent strategy; reactive to internal and/or external factors; a continuous loop of event-response activities. Most of the PF stages present iterative and intertwined. CEOs' learning key, impacted subsequent cycles as it represented the basis for CEOs' strategy preparations in C2 or maturation of companies' processes in C3.	Cycle 1	n/a because the strategy was emergent	Cycle 1	CEO-centric	Cycle 1	n/a because the strategy was emergent	Alignment among executives to agree and implement the strategy content; leading to increased cohesion and bonding among executives; engagement of the lower management tiers and the whole company with the strategy.	Insufficient clarity in strategy and decision making - prevented to clearly, implementable conclusions (companies A and D); increase in the standardisation and formalisation of internal processes- strain on ability to innovate (company A).	Planning not a predecessor to high-growth performance; Preserving corporate culture and values, and being a preferred work place; Management's team work and common understanding of company's strategy; Instilling a culture of communication of company's goals and capabilities to achieve growth.
	Cycle 2	#PF stages: 8, # Iterative stages: 3. Learning and performance related drivers.	Cycle 2	Cycle lasted from two to nine months; one-off cycle	Cycle 2	Hybrid strategy; decision to form a strategy was supported by CEOs' learning or companies' growth. formation more complex and structured, driven by a deliberate decision to form a strategy. The process required some preparation.	Cycle 2	Companies started to crystallise strategy plans in the form of CEOs' strategy papers, which were subsequently signed-off by BoDs	Cycle 2	Centred on CEOs, broadened to executive management+other employees - acted as a sounding board for CEOs' hypotheses (option evauation stage)	Cycle 2	n/a because the strategy was hybrid	Structured clear internal processes and forums to form strategy; clarity in strategy content and strategy formation process.	Risk adversity when making investment decisions and taking responsibility for associated risks derived from operating in a specific industry (company D)	Recruiting talented people+specific drivers: alignment of financial incentives (i.e. giving employees shares in company B), setting clear corporate values and ensuring that new recruits fit with company's values (company C), broadening the knowledge of top management (company D)
	Cycle 3	#PF stages: 10, # Iterative stages: 2. Governance, learning and performance related drivers.	Cycle 3	Cycle lasted several weeks, maximum 3 months; recurring cycle, repeated regularly (bi-monthly, quarterly or semi-annually) for minimum 2 years	Cycle 3	Planned strategy; an intended and deliberate approach, following a prescribed order of activities and involving a predetermined list of participants	Cycle 3	Strategic outputs organised in 3 objective layers; outcomes included long-term objectives, short-term plans to implement objectives, qualitative and quantitative targets.	Cycle 3	Participation in strategy preparation and actual formulation extended to executive management. Occasionally other managers relevant to topics discussed were invited in strategy meetings.	Cycle 3	Strategy meetings preceded by weekly/fortnight meetings with an operational and implementation role. Simple or sophisticated strategy tools used in preparation (SWOT, scenario analyses, brainstorming). Pre-agreed agendas. Offsite meetings lasted 0.5 or 1 day (depending on company).	Access to capital not only to enable growth, but also to allow management the mental space to think strategically in the long-term instead of being pre-occupied with raising capital.	Dedicating more time and attention to strategy formation (C and D); misalignment of objectives/growth strategies between shareholders and management (companies A and D)	The CEO had high aspirations for growth and stated them during strategy formation processes.
	Cycle 4	#PF stages: 10, # Iterative stages: 2. Governance and learning related drivers.	Cycle 4	Recurring cycle, repeated quarterly, semi-annually or annually	Cycle 4	Planned; refinement of C3, driven by governance requirements (change in ownership)/ learning (maturation of companies' processes or founders' strategic thinking) as opposed to performance drivers in C3	Cycle 4	Presentations summaries drafted for BoD meetings when BoD not involved in executive strategy meetings directly (companies B, C)	Cycle 4	Participation in formation extended to BoD members A, B and C) or 2nd tier managers (D).	Cycle 4	The length of a strategy formulation meeting was a day at all companies.	Catalyst for company's growth; preserving the cultural identity of a company to provide a work environment attractive to employees.	Setting executives into strategic mindset and motivating them to engage in strategy formation; ensuring they think in a structured way (companies C and D); disconnect between strategic thinking and tactical actions - impact on implementation (companies A and D)	Strategy formation, as planning, was associated with positive impact on performance.

Table 93: Cross-case analysis findings (continued)

Perspective	Process structure				Process characteristics		Other aspects of strategy formation					
Dimension	**Structure of process (cycle), iterative stages and drivers**		**Process (cycle) features**		**Characteristics of process (cycle)**		**Strategic outputs**		**Participants**		**Organisational aspects**	
Detailed findings	**Cycle 1**		**Cycle 1**		**Cycle 1**		**Cycle 1**		**Cycle 1**		**Cycle 1**	
	All companies	Emergent process - event-response pattern	All companies	One-off cycle	Content complexity, integration and novelty	Strategy specific to context of each company; unique as strategies created by CEOs to respond to business priorities. One strategy - no distinction among corporate, business and functional strategies.		n/a	All companies	CEO-centric	n/a	
	All companies	CEO responded to business priorities			Process and content-related control	Emergent strategy because there were no predefined strategy formation activities and no intention to form a strategy.						
	All companies	6 PF stages: drivers, data collection, data analysis, option form, selection of final option, implementation/revision	A,B	C1 and C2 overlapping over data collection and analysis	Change presence, pattern and source	Change happened continuously and incrementally, driven by CEOs' learning to respond to internal and external stimuli of complex and dynamic environments, and to deal with uncertainty. Learning played a pivotal role as it often drove a deliberate decision to form a strategy in cycle 2.			C, D	CEO-owners consulted one or two close executives (e.g. the COO and the CTO of company C were the CEO's wife and close friend, respectively; the CTO of company D was the CEO's brother)		
	A, B	CEO's learning of market and business	A,B	6 months length of cycle	Strategic choice, strategic thinking and process collective	Reactive, launched in response to internal or external triggers; acting-dominant, in line with the event-response pattern of actions conducted by CEOs. CEO-centric; CEOs often played a dominant role.						
	C, D	CEO's learning to make decisions in uncertainty	C, D	12 months length of cycle	Company environment and size	Dynamic/complex, driven by technological development, market disruption or consolidation. Small or medium-sized companies.						
	A, B	Governance related drivers										
	C, D	Performance related drivers										
	Minimum 3 companies	5 Iterative stages: data collection, data analysis, option form, selection of final option, implementation/revision										

Table 93: Cross-case analysis findings (continued)

Perspective	Process structure				Process characteristics		Other aspects of strategy formation					
Dimension	Structure of process (cycle), iterative stages and drivers		Process (cycle) features		Characteristics of process (cycle)		Strategic outputs		Participants		Organisational aspects	
	Cycle 2		**Cycle 2**		**Cycle 2**		**Cycle 2**		**Cycle 2**		**Cycle 2**	
	All companies	Hybrid strategy	A, B, D	One-off cycle	Content complexity, integration and novelty	Less specific, more general than Cycle 1. The content continued to be unique as it mainly represented a CEO's vision for growth and created to suit a context specific to each company. Companies were still relatively unsophisticated and only had one strategy.	A, B	Companies started to crystallise strategy plans in the form of CEOs' strategy papers, which were subsequently signed-off by BoDs	A, B and D	CEO-driven; however, participation broadened to executive management. The executive managers were involved directly in strategy formation or validated CEO's strategy hypotheses	n/a	
	All companies	CEO's conscious decision to form a strategy to grow the business	C	Recurring cycle - repeated annually for 3 years	Process and content-related control	More deliberate and intended nature than in cycle 1; however, not fully planned. Mix between an emergent (i.e. realised patterns) and a planned process.	D	Written documents, which were subsequently refined into plans	A, B and C (company D did not have a BoD)	The proposed strategy subject to Board's approvals		
	All companies	8 PF stages: drivers, *decision* , data collection, data analysis, option formulation, *option evaluation* , selection of final option, implementation/revision	A,B	C1 and C2 overlapping over data collection and analysis stages	Change presence, pattern and source	Change no longer happened continuously, but in predetermined and occasional sequences. Learning continued to be a source of change, but its pace slowed down.			A and B	Sometimes senior managers/other employees were consulted on the options proposed		
	A, B	Learning related drivers	A,B	2-3 months length of cycle	Strategic choice, strategic thinking and process collective	Proactive following CEOs' deliberate decisions driven by performance or learning-related factors. Mix between thinking and acting-orientated as formation activities neither predefined (clearly structured) nor completely emergent. CEOs continued to be key actors in strategy formation; however, the executive management or/and BoD members started to be involved.						
	C, D	Performance related drivers	C, D	9 months length of cycle	Company environment and size	The environment continued to be dynamic/complex; small or medium-sized companies						
	Minimum 3 companies	3 Iterative stages: data collection, data analysis, option formulation										

Table 93: Cross-case analysis findings (continued)

Perspective	Process structure				Process characteristics		Other aspects of strategy formation					
Dimension	Structure of process (cycle), iterative stages and drivers		Process (cycle) features		Characteristics of process (cycle)		Strategic outputs		Participants		Organisational aspects	
	Cycle 3		**Cycle 3**		**Cycle 3**		**Cycle 3**		**Cycle 3**		**Cycle 3**	
	All companies	Planned process	A	One-off cycle	Content complexity, integration and novelty	General and clearly defined as they followed a deliberate structure and an intended approach. Portfolio of components as functional strategies were identified at the majority of the case companies.	Majority of the companies - layers of objectives for several years	A mission statement: a "vision" (A), "aspirations" (B), answers to questions: "why do we exist?, how do we behave?, what do we do" (C)	All companies	Executive management involved in strategy preparation by drafting papers and reports ahead of the strategy meetings	Meeting preparation	Weekly or bi-weekly operational meetings; companies A, B and C used various books (e.g. R. Rumelt: "Good strategy, bad strategy", P. Lencioni: "The Advantage", M. Watkins: "The first 90 days")
	All companies	Stable stage structure of strategy formation	B, C, D	Recurring cycle	Process and content-related control	Formation deliberate and content intended as prior analyses and preparation work conducted in anticipation of the strategy formulation meetings.		Business goals formulated as qualitative or quantitative targets		Executive management also involved in the actual strategy formulation meetings	Strategic inputs into meetings	Written analyses in advance by executives. Papers included analyses of initiatives, actions, markets; sometimes a SWOT (C) or scenario analysis (A).
	All companies	10 PF stages: drivers, decision, *preparation*, data collection, data analysis, option formulation, option evaluation, *negotiation*, selection of final option, implementation/revision	B	Cycle repeated semi-annually	Change presence, pattern and source	Change occasional and rare as companies learned in a controlled way; the pace of change (learning) driven by the timing of the strategy meetings. Learning continued to be a source of change, but extended to other management besides CEOs.		Specific functional actions underpinning the business goals and incl. qualitative/quantitative targets, and persons responsible for implementation. Measurable targets: revenue growth, profit/EBITDA; operational KPIs. B included financial projections.		CEOs moderated the strategy formulation meetings, sometimes being supported by an executive management member who led the strategy formation preparation	Agenda setting	Agendas established in advance. A few members of the executive team prepared agenda. Sometimes the CEO initiated the first agenda draft
	A, C	Governance and learning related drivers	C	Cycle repeated quarterly	Strategic choice, strategic thinking and process collective	Thinking-dominant and predetermined process. Participation broadened to include additional management and, sometimes, all employees when strategy outcomes were cascaded throughout organisations.		CEOs/executives refined and confirmed outputs a few days after a strategy meeting. follow-up meetings set up to discuss specific topics arising from the strategy meetings (B, C and D).		A senior manager played the role of a strategy executive as he conducted strategy preparation processes (CTO at A, CFO at B, COO at D)	Meeting format	Offsite meetings were held outside companies' offices; bi-monthly, quarterly, semi-annually or annually (depending on strategy formation cycle and company). lasted 0.5 or 1 days.
	B, D	Performance related drivers	D	Cycle repeated bi-monthly	Company environment and size	The environment continued to be dynamic and complex. All companies medium-sized in this cycle.		Output updated regularly: quarterly (C, D), semi-annually (B) or annually (A and D – revision of the long-term strategy).		All or a large number of employees was included in strategy communication	Topics for discussion	Market and competitors, resource allocation, investment areas (organic/inorganic), company competences.
	Minimum 3 companies	2 Iterative stages: data collection, data analysis	B, C, D	Several weeks length of cycle				Communicated in full or summary to all employees in town hall meetings (C), strategy days (B) or through the next management layers (A D)			Modus operandi of offsite meetings	Chaired by CEOs, supported by an executive involved in strategy preparation (companies A, B, D). Free conversations, brainstorming. Ideas on a white board, then refined and digested.
			A	2 months length of cycle				Presentations summaries drafted for BoD meetings when BoD not involved in executive strategy meetings (B, C). Presentations updated with the same frequency.				Decisions by consensus; when disagreement, CEO decided. Meeting notes taken. follow-up meetings to discuss actions from offsite meetings or monitor implementation.

Table 93: Cross-case analysis findings (continued)

Perspective	Process structure				Process characteristics		Other aspects of strategy formation					
Dimension	Structure of process (cycle), iterative stages and drivers		Process (cycle) features		Characteristics of process (cycle)		Strategic outputs		Participants		Organisational aspects	
	Cycle 4		**Cycle 4**		**Cycle 4**		**Cycle 4**		**Cycle 4**		**Cycle 4**	
	All companies	Refinement of C3 in other aspects	All companies	Recurring cycle	Content complexity, integration and novelty	General and clearly defined, comprised a portfolio of strategies.	idem		A, B and C	Participation in strategy meetings extended to NEDs	BoD's involvement in strategy formation	In a consultative capacity: quarterly or semi-annually meetings with management to discuss the strategies agreed (company B in cycles 2 and 3; company C in cycle 4).
	All companies	All 10 stages	A,B	Cycle repeated semi-annually	Process and content-related control	Planned, intended and deliberate strategy formation.			D	Participation in strategy meetings extended to additional managers		In an executive capacity: BoD members attended strategy meetings (companies A and B in cycle 4)
	A, B	Governance related drivers	C, D	Cycle repeated quarterly	Change presence, pattern and source	Change was present, but took place occasionally, driven by the timing of the strategy formulation meetings.			A and B	BoD members involved directly in strategy formulation	Additional forums to discuss strategy	Functional strategy meetings were held regularly or on as-needed basis. Annual or quarterly meetings with all employees or a large part of employees
	C	Governance and learning related drivers	All companies	Several weeks length of cycle	Strategic choice, strategic thinking and process collective	Thinking-dominant, with occasional change and learning. Actors involved included executive management and BoDs as well as additional participants (e.g. external consultants, additional managers).			C	BoD members involved in strategy formation in a consultative role		
	D	Learning related drivers			Company environment and size	Rapidly changing (dynamic/complex) environment. All companies medium-sized.						
	Minimum 3 companies	2 Iterative stages: data collection, data analysis										