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Speed and Potential Breakdown in the Process of Strategic Renewal

Volker Mahnke

Research Associate
volker@cbs.dk

Copenhagen Business School
Industrial Economics and Strategy
DK-1366 Copenhagen

Phone: ++45 3815 2566

Fax: ++45 3815 25 40

John Harald Aadne

Research Associate
john.aadne@ifb.unisg.ch

University of St. Gallen
Institute of Management
CH-9000 St. Gallen

Phone: ++41 71 224 23 59

Fax: ++41 71 224 23 55

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Abstract

This paper suggest that successful strategic renewal involves three subprocesses, namely (1) facilitating strategic imagination, (2) developing of common ground among top management and middle management, and (3) coordinating strategic action. The management of and the linkage between the three sub-processes of strategic renewal has to consider potential breakdowns (language barriers, unclear contribution to common grounds, competing common grounds). Further, it is suggested that the careful management of speed is at the heart of achieving successful strategic renewal and avoiding breakdown. We identify key variables influencing the speed of the strategic renewal process (subjective time, participation) and explain what trade offs managers face when they try to slow down or speed up the process of strategic renewal.

Introduction

Strategic renewal has recently been put forward as one of the most challenging and critical activity for management teams and organizations (Hamel & Prahalad, 1996, Mintzberg, 1994; Prahalad & Hamel, 1994; Baden Fuller & Volberda, 1997). Especially in situations of high uncertainty and changing technological trajectories (d' Aveni, 1994) firms face the challenge to renew themselves strategically on a constant base. Strategic renewal may be triggered by a perceived crisis, the wish to grow, or vanishing industry boundaries in competence destroying competition. It may take place as revolution (Pettigrew, 1985, Hamel, 1996), incremental adjustment (Quinn, 1980), or punctuated change (Tushman and Romanelli, 1985).

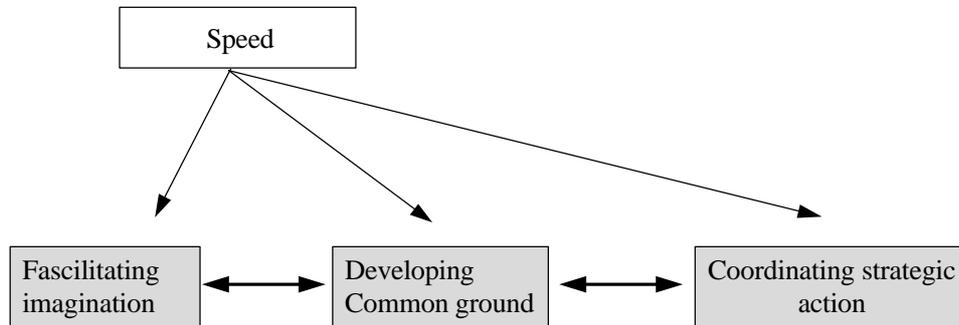
At the same time, due to rapid diffusion of knowledge and technology, and more rapid changes in competitive situations, more and more managers have the feeling of a demand for increasing the speed of organizational action. Relatedly, recent studies assert a growing importance of speed as strategic weapon and as source for competitive advantage (e.g. Bourgeois & Eisenhardt, 1988; Eisenhardt 1989; Judge & Miller, 1991; Smith, Grimm, Chen & Gannon, 1989; Stalk, 1988).

Here we investigate the process of strategic renewal, potential breakdown, and the role of speed within this process. Taking a cognitive perspective, we suggest strategy renewal to be less a question of finding the right road map, but rather the challenging cognitive process of imagining and using the company's own future road map. The environmental situation is more viewed as an output rather than an input (Hurst, Rush & White, 1989; Daft and Weick, 1984, Weick, 1979). From this perspective, perceived strategic realities in organizations are developed through the complex interaction between subjective cognitive processes and tangible or objective elements in the environment (Hurst, Rush & White, 1989) which together constitute what Penrose (1959) has called the firm's 'opportunity set'. Here, we are concerned

with the whole renewal process encompassing the creation of strategic opportunity sets as well as the critical activities of coordinating strategic action.

Especially, we are interested in the role of speed in achieving successful strategic renewal. By successful strategic renewal we mean a process that (1) facilitates strategic imagination and brings the organization back into a situation of freshness and vigor in strategic thinking, (2) develops a common ground among top management and middle management, which (3) enables the transformation of strategic imagination into new coordinated strategic action. The existing literature has mainly addressed the first dimension of strategic renewal (Burgelman, 1983; Hamel, 1996). It has focused to lesser extent on the coordination of strategic action, and in particular the process through which both processes are linked has scarcely been investigated. We suggest that achieving successful strategic renewal is a matter of deliberately managing the linkage between strategic imagination, common ground development, and coordinated strategic action. The management of and the linkage between the three sub-processes of strategic renewal, however, has to consider potential breakdowns. Our contention is that the careful management of speed is at the heart of achieving successful strategic renewal and avoiding breakdown. Relatedly we argue that while speed in strategy deployment may yield competitive advantage, careful management of speed in the process of strategic renewal helps establishing the conditions that makes speedy strategy execution possible. Figure 1 illustrates our framework:

The Process of Strategic Renewal



The remainder of the paper is structured as follows. First, we define strategic renewal and analyze its sub-processes. Second, we discuss potential breakdown in the process of strategic renewal. Further, we show how the management of speed influences the process of strategic renewal and show how the management of speed relates to potential sources of breakdown. Finally, we present implications for further research, and elaborate on managerial implications.

The Process of Strategic Renewal

Traditionally, strategy renewal has been seen as reactive. Management reacts to perceived forces from the internal and external environment. For example, Strebel (1992) sees renewal as a reactive strategy in a context where the external and internal change forces in the organization are strong, and at the same time represent an opportunity which can be exploited. Huff, Huff and Thomas (1992) suggest that strategic renewal is driven by a tension between inertia, or commitment to the current strategy, and stress, seen as individual dissatisfaction and misfit between the organization and its environment. As a consequence, they are mainly aligning their theoretical discussion with work taking decline and turnaround as starting points. Furthermore, strategic renewal has been viewed as a distinctive province of the top management (e.g. Hambrick and Mason, 1984).

By contrast, if demanding and future oriented cognitive and idea driven processes are at stake, the whole organization may represent a potential for new thinking and new ideas (Hamel, 1996). Only by inviting a wide range of voices into the strategy process is it possible to unleash this potential. As Hamel comments: “To invite new voices into the strategy-making process, to encourage new perspectives, to start new conversations that span organizational boundaries, and then to help synthesize unconventional options into a point of view about corporate direction - those are the challenges for senior executives...” (Hamel, 1996: 82). Seen from this perspective, strategic renewal is a process which involves wide participation in the organization. Additionally, when intended growth requires not only leveraging core-competencies (Prahalad and Hamel, 1994) but shaking up core rigidities (Leonard Barton, 1992) and overcoming inertia, strategic renewal may be regarded as proactive rather than reactive.

Although perspectives carry different assumptions regarding when strategic renewal is triggered (reactive vs. proactive) and who participates in the renewal process (top management vs. wider participation), both perspectives suggest two mutually dependent and equally important dimensions of strategic renewal: (1) strategic renewal aims at bringing the organization back into a situation of freshness and vigor in strategic thinking, and (2) transforming strategic thinking into coordinated strategic action seems essential for successful strategic renewal. Here, we are interested in how both dimensions are linked together. Consequently, for the current purpose we define strategic renewal as the process of linking imagination and coordinated strategic action through developing common grounds.

Three Sub-processes of Strategic Renewal

If strategic renewal is the process that links (1) strategic imagination, with (2) new coordinated strategic action through (3) developing a common ground which enables the transformation of

strategic imagination into coordinated strategic action, one need to understand the subprocesses of strategic renewal in more depth.

Imagination. The potential for future competitive strength is highly dependent on a company's ability to imagine markets still not existing, and to stake these out before the competitors (Hamel & Prahalad, 1991; Hurst, Rush & White, 1989). This is not a problem of prediction or discovery of one future, but the willingness to imagine and play with a broad menu of potential future competitive spaces. Hamel and Prahalad write: "...a company's opportunity horizon represents its collective imagination of the ways in which an important new benefit might be harnessed to create new competitive space or reshape existing space" (Hamel & Prahalad, 1991: 82). The focus on collective imagination, emphasizes the role of energizing several voices, at different organizational levels, with different knowledge and skills to take part in idea generation and horizon spanning. This diversity increases requisite variety, which is an important enabler for novel imagination and new ideas (Nonaka, 1995). Thus, diversity, disagreement, and flexibility are often highlighted as main sources for improved strategic understanding, awareness and thinking (e.g. Dutton & Duncan, 1987; Ginsberg, 1994; Hamel & Prahalad, 1994).

Further, because really powerful new ideas or insights about future competitive spaces often stretches far beyond the boundaries of existing business, established logic of business and analysis will not necessarily be the most relevant guidelines for evaluation. Rather, ideas have to be accompanied by a strong belief and a positive feeling of possible success (Hurst, Rush & White, 1989).

Common ground development. Imagination and idea generation are both of an expanding nature generating almost unlimited possibilities. However, to achieve aggressive and timely action over time at a pace putting a firm into the drivers seat compared to the competitors, coherence or consensus regarding strategic priorities, goals, strategies and perceptions is

normally seen as essential (e.g. Floyd & Wooldridge, 1992; Dess & Priem, 1995). Thus, the strategic renewal process shifts from seeing different possible futures to a focus on desirable or most likely futures. Nevertheless, empirical research on consensus and performance has not showed any consistency on neither strength nor direction of this relationship (Dess, 1987; West & Schwenk, 1996). One possible explanation could be a too strong focus on shared understanding or shared meaning about concrete or written output. Both of these are difficult to achieve (Weick, 1995; Wittgenstein, 1958). Czarniawska-Joerges (1992) argues that shared meaning or understanding not are essential for achieving collective action, but rather the process of sharing experiences of collective action. This redirects the process focus from output represented by consensus (Dess & Priem, 1995), to the process of sharing. One type of sharing process is development of common ground through future search (Weisbord, 1992; Weisbord & Janoff, 1995).

Imaginations represents aspirations and possible futures, but they are by nature more abstract than generating direction and commitment for concrete strategic action. Common ground, by contrast, is shaping as well deriving from a process of sharing and taking responsibility for the future. Common ground is based on a process of exploring past, present and future (Weisbord, 1992). In this process, imaginations are taken as a starting point for a search for widely held ideas about future competitive spaces, their characteristics, strategies required, etc. Further, the connections between future routes and past grounds, the past track record of the organization as well as the organization's context are carefully considered. As such, actions, events, trends, and relations, within and between the wider world and the organization, in the past, present, and future are explored and examined.

As a central part of the common ground process, people in the organization intensively work on sharing assumptions, sharing commitment, sharing expectations, sharing experiences, and sharing imaginations. Through the process of sharing, awareness and understanding are developed, and commonly held anchor points for future action are identified. Rather than

focusing on extremes, conflict issues or reconciling polarities, the energy put into the process is directed towards staking out the widest common ground all can stand on without forcing and compromising (Weisbord, 1992). Appreciating and validating differences and polarities are essential in this respect. Weisbord explains: “We explore and validate differences, but we don’t «work» on them. Should people open old wounds, fight old battles, or jump to problem-solving, we seek to have them acknowledge each other’s reality and remind them that the task is finding common of past ground and future aspirations. As we discover them, that is where we plant our action flags” (Weisbord, 1992: 6). The common ground process focuses on establishing conditions where people discover new possible alignments, and can choose new ways of connecting ideas, issues and actions. Finally, these combinations makes up the change in action potential among individual, and for the company in total.

The common ground development is focused on a collective search process directed towards getting a grasp of an overall picture, setting new directions through new common ground, and to discover possibilities for synergy between new and old common grounds. As such, the process goes beyond mere formulation of a mission statement, goals, or strategies. Through the process of developing common ground both, the corporate direction and a framework for strategy-making in the organization are established.

Coordinated strategic action. Action does normally not take place automatically, and common ground itself does not produce results. It is necessary to bring the different projects and activities from ideas to realities. Based on the common ground developed and the different anchor points identified, action planning to create specific plans, timelines, and responsibility is conducted. These plans cover most aspects from board of directors members making plans and strategies for taking the new ideas to their board members and associates, to more specific plans for activities like knowledge development, strategic projects, investments, or to plans for specific departments or products. Coordinating strategic actions, however, is a continuous task going beyond one time planning. The sharing of assumptions, commitment, expectations,

experiences, and imaginations in the process of developing common ground provides as well a comprehensive background for both reinterpretations, revised strategies, revised plans, and plans for planning.

In this context, it is important to consider, that coordinated action is facilitated by establishing a common language to which the agents of renewal can relate while conducting strategic action. One way to do so is to formulate goals, their relations to each other, and associated action through a qualitative or quantitative measurement systems (Kaplan and Norton, 1992).

To summarize, the strategic renewal process outlined here takes into account the position that neither understanding nor meaning directly can be transferred among people (e.g. Weick, 1995; Wittgenstein, 1958). Rather, only by taking part in the process of bringing imaginations and coordinated action together are some degree of common and binding view on strategy brought into place in organizations. The main aspects of the strategic renewal process are presented in Figure 2.



Figure 2. The process of strategic renewal

Potential Breakdowns in Strategic Renewal

Strategic renewal is far from being straight forward and often difficult to achieve (Ford & Ford, 1995). Potential breakdown can occur in each of the subprocesses of strategic renewal

and may lead to serious interruption. At least three causes of potential breakdown can be distinguished. They include the following: (1) language barriers prevent ideas to enter the common ground process; (2) the relation between imagination and common grounds is unclear; and (3) existing and emerging common grounds co-exist and compete with each other. Figure 3 illustrates potential breakdowns in the process of strategic renewal.

Sources of Breakdown

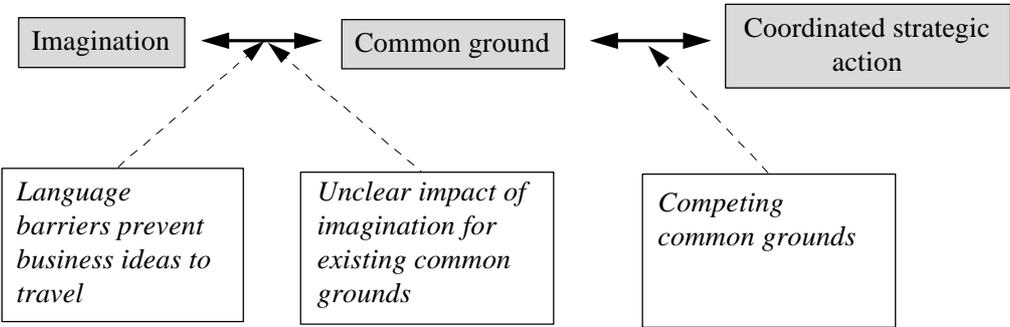


Figure 3. Breakdown in the process of strategic renewal

Language barriers. To achieve successful strategic renewal, ideas and imagination must enter the common ground process, but language barriers prevent strategic imagination to spread in the organization. Organizations are composed of different language communities which due to specialization speak different languages to coordinate their action (Brown and Duguid, 1991; Orr, 1996; Wittgenstein, 1952). These language communities may result from functional separation or shared interest, both of which may lead to frequent interaction and the development of a common language spoken within the community. While a common language within a community enables efficient coordination, it may make communication between language communities difficult.

If in new strategic ideas are being developed one of these language communities, they are often hard to communicate to other groups in the organization - simply because they are expressed in a specialized language to which others cannot connect. Especially when wider circles in the organization are included in strategic imagination as Hamel (1996) suggests, misunderstanding, and communication barriers pose a tax on achieving successful strategic renewal because they prevent ideas and imagination to enter the process of common ground development. Furthermore, if language barriers are combined with high levels of uncertainty and a rush for action, misunderstanding is likely to increase. Taking into account these difficulties we suggest that avoiding breakdown in the process of strategic renewal means to consider that:

- P1: The variety of strategic imagination increases with the participation of different language communities in the process of strategic renewal.
- P2: Language barriers between language communities participating in the process of strategic renewal may prevent strategic imagination to enter the common ground process.
- P3: The more language communities take part in the process of strategic renewal the more difficult the common ground process.

Unclear relation between imagination and common ground. When groups in the organization bring environmental trends and new imaginations into the process of strategic renewal, managers often experience different degrees of uncertainty, anxiety, and issue-urgency. Judging the impact of imagination on existing common grounds may differ between managers when perceived issue urgency, anxiety, and uncertainty is unequally distributed among managers (Dutton & Duncan, 1987). Managers may initially disagree whether or not new common grounds need to be established. Managers may ask whether new issues may be judged as refinement of existing common grounds or fundamental change (March, 1991, Dutton and Duncan, 1987). If different perceptions and underlying assumptions are not externalized and critically scrutinized in the common ground process, group think (Janis, 1982)

may occur. Group think may implicitly average out unequally distributed initial perception. This, in turn, may lead to breakdown in the renewal process before it really started.

If perceived urgency, anxiety, and uncertainty is in average either very high (average perception: it might be already too late to act) or very low in (average perception: we might be safe for a substantial time period), a possible reaction is to avoid though trials and serious testing (Weick, 1979) by defining new challenges as a special case of already existing terminology and common grounds (Dutton and Jackson, 1987). This may seriously retard or even stop necessary strategic renewal before it really started. Taking into account these difficulties we suggest that avoiding breakdown in the process of strategic renewal means to consider that:

P4: The more perceived urgency, anxiety, and uncertainty and its underlying assumptions are made explicit, the less likely implicit averaging out of perception through group think will appear.

P5: The less implicit group think appears in the process of strategic renewal, the less likely it is that imagination is mistakenly subsumed to existing common grounds.

Competing common grounds. Even if managers agree that a new common grounds needs to be established, there is another potential breakdown to be prevented to successfully achieve strategic renewal. As an overall picture of potential new strategic realities takes shape through increased understanding and sensemaking (Weick, 1995), competing common grounds may co-exist in the process of strategic renewal. Established common grounds are a prerequisite for coordinated strategic action, they may facilitate strategic action to be conducted to turn new strategy into competitive reality. However, unless the relation between old and new common grounds has been established in the organizations, reference to competing common grounds may breed confusion, threatens organizational coherence (Teece, 1994), and leads to

disagreement in allocating resources. Taking into account these difficulty we suggest that avoiding breakdown in the process of strategic renewal means to consider that:

P6: The more management succeeds in negotiating the relation between old and new common grounds, the more likely will new strategic action be coordinated without losing organizational coherence.

To summarize the argument so far we can state that successful strategic renewal is only likely to succeed if (1) all three subprocesses of strategic renewal (imagination, common ground, coordinated strategic action) can be linked together, (2) potential breakdown is recognized and (3) break down is avoided. Avoiding break down, however, requires the management of trade-offs related to speed in the process of strategic renewal.

Speed in the process of strategic renewal

Several recent studies have emphasized the importance speed as strategic weapon and as source for competitive advantage (e.g. Bourgeois & Eisenhardt, 1988; Eisenhardt 1989; Judge & Miller, 1991; Smith, Grimm, Chen & Gannon, 1989; Stalk, 1988). For example, Eisenhardt emphasizes that “...most managers have recognized that speed matters. A slow strategy is as ineffective as the wrong strategy. So, fast strategic decision making has emerged as a crucial competitive weapon” (Eisenhardt, 1990: 53). Similarly, empirical studies show that when a firm's response time to a competitor's action decreased, they faced relatively increased performance (e.g. Smith, Grimm, Chen & Gannon, 1989). Earlier, Porter (1980) has shown that first moving in the marketplace is a highly valuable strategy for competitive advantage in several industries. Consequently, from this view, companies have to be able to move quickly and timely, more quickly and timely than others to be on the cutting edge.

Appreciating the role of speed in achieving competitive success, these studies presuppose what has to be established through successful strategic renewal in the first place. A slow strategy might be as ineffective as a wrong strategy, but fast strategy is no guarantee to effectiveness. First mover advantage can be achieved through early and decisive strategic moves, but for strategic action to be effective and decisions to be fast, companies need common grounds facilitating strategic coordination and ensuring coherence in fast decision making. While speed in strategy deployment can yield competitive advantage, careful management of speed in the process of strategic renewal helps establishing the conditions that makes speedy strategy execution possible.

Consequently, managing the strategic renewal process outlined above needs to account for the careful management of speed as it relates to potential breakdown. Two intraorganizational variables seems influential for the speed of the renewal process as illustrated in figure 4.

Management of Speed

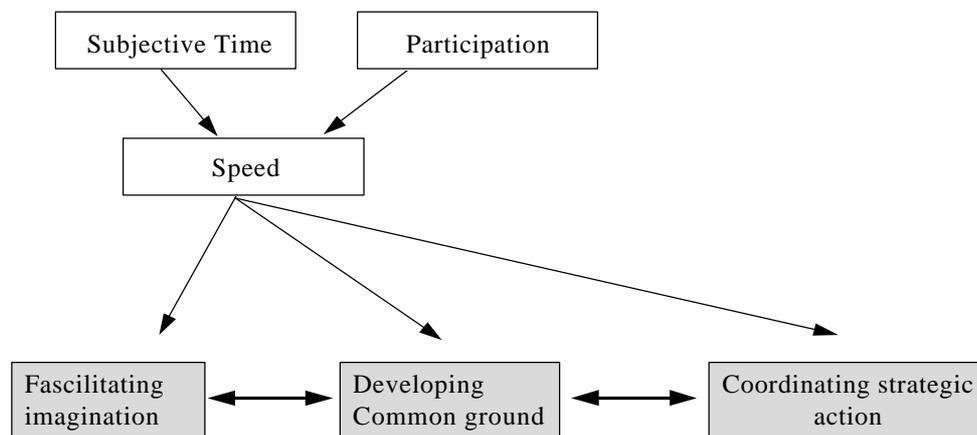


Figure 4. Variables influencing Speed in Strategic Renewal

Subjective time. First of all, the strong focus on speeding up all organizational processes in many organizations is based on a conception of time corresponding to clock-time or calendar-

time (Das, 1991). Managers are often assumed to share a view of time as linearly flowing and having constant and equal pace. For shorter time-spans focusing on activities in the present, such a view may be non-problematic. For long-term strategic thinking and imaginations of future opportunity horizons, however, the role of time and speed seem to highly dependent on individual subjectivity or psychological conceptions of time (Das, 1991; Hurst, Rush & White, 1989). Insights from empirical research indicate that top managers significantly differed on future time perspectives, and that their future orientation influenced their way of conducting strategy processes (Das, 1986; Sawy, 1983). As a consequence, pre-existing differences in psychological conceptions of the future among managers can amount to critical significance. Especially, differences in time perception are important to consider when issue urgency is to judged in the common ground process. Taking into account subjective time perception, we can state that:

P7: The more time perception differs among managers taking part in the renewal process the less likely it is that fast agreement on issue urgency is achieved in the common ground process.

Extent of participation. The management of speed in the process of strategic renewal has to consider who should participate and how many different groups in the organization have to be involved. The choice, who should participate in the renewal process may be guided by recognizing that while strategic renewal is about the future of the organization, not all taking part in the process have a stake in this future (Hamel, 1996). In other words, the creation of a future platform for the organization is normally conducted by people having accumulated substantial experience in the past which certainly will influence their perception of the future. This aspect is certainly strengthened by the fact that several of these people will not necessarily be actively participating in that future. Taking into account this difficulty, we can state that:

P8: While participation of people without future stake in the renewal process may be desirable to negotiate the relation between old and new common grounds, their participation may inhibit the process of strategic renewal to advance in a speedy manner.

P9: Conversely, excluding participation of people without future stakes may speed up the renewal process, but may breed distortion of coordinated strategic action.

The choice whether or not to invite wide participation of diverse groups (e.g. business units, expert groups) in the renewal process impacts the speed of translating imagination into the common ground process. While wide participation may exaggerate the language barrier problem, too narrow participation may inhibit coordinated action and may waste available but not invited imagination. Taking into account this difficulty, we can state that:

P10: Wide participation slows down the process of strategic renewal, but increases the pool of available imagination in the common ground process.

To summarize the argument up to this point: Ideas have to travel, ideas have to be translated between different language communities in the organization, ideas have to gain attraction, new common grounds has to be developed, past and new common has to be coordinated, and strategic action has to be coordinated. Finally, coordinated and competitive speedy action is highly dependent on a common ground firmly established. These processes are time consuming, they are the more time consuming, the wider the participation and the more diverse the subjective time perception among managers taking part in the process of strategic renewal.

Managing Speed, Breakdown and Related Trade Offs

After clarifying two internal variables (participation, subjective time) which influence speed in the process of strategic renewal and distinguishing potential breakdown we are now in the position to ask what are the implication of either low- or high speed regimes in the process of

strategic renewal? What are the trade offs between different kinds of breakdown under low- or high speed regimes in this process?

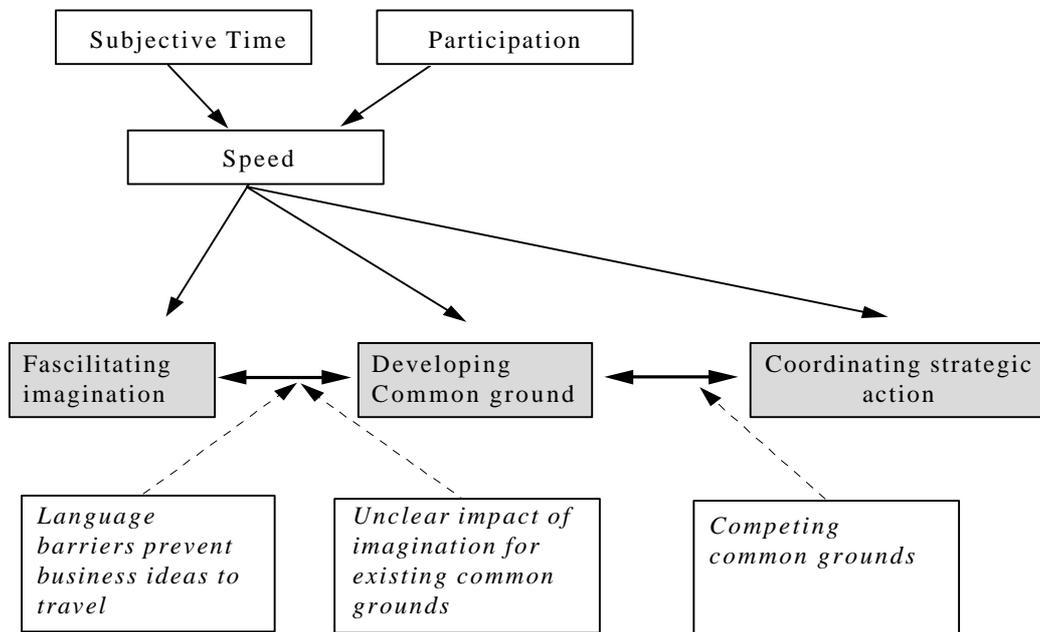


Figure 5. Extended Framework

High speed regimes are signified by limited participation, limited expression of differences in time perception, and an atmosphere of impatience. Speeding a strategic renewal process can be compared to accelerating a car into higher speeds. When the speed increases, the field of vision gradually narrows down. As a consequence, the ability to recognize the diversity of possible phenomena and characteristics along the roadway decreases. Thus, when the momentum in the process is kept high, it is difficult to bring in new perspectives, issues, or ideas. In high speed regimes language barriers between different groups are less of a problem. The speed of the strategic renewal process simply excludes members of the organization from participation if they are not able to keep up with the speed. On the other hand, high speed regimes come at the cost of decreased variety in imagination that is brought to the common ground process. Additionally, under high speed regimes a tendency to rely on established thinking, established agendas, established interpretations, and established arguments, can in many situations be relatively high. Competing common grounds are not likely to occur, if new common grounds

do not come into existence in the first place. If they do but are limited to the few who have participated in their formation, however, strong internal competition between the few activists and the excluded rest will most likely impede coordinated strategic action.

Low speed regimes by contrast are signified by wide participation, clear expression of differences in time perception, and an atmosphere of patience. Slowing down a strategic renewal process can be compared to decreasing the speed of a car before changing direction. When the speed decreases, the field of vision gradually widens up. As a consequence, the ability to recognize the diversity of possible phenomena and characteristics along the roadway increases. Thus, when the process is slow, new perspectives, issues, or ideas have time to enter. Wide participation in low speed regimes may increase the language barrier problem between different groups, however. Many imaginative contributions from diverse organizational groups have to be evaluated in the common ground process. Because there are just too many voices to be heard, judging the impact of imagination on existing common grounds is extremely time consuming. So, low speed regimes may increase variety in imagination that is brought to the common ground process. Additionally, under low speed regimes a tendency to rely on established thinking, established agendas, established interpretations, and established arguments, is relatively low. Competing common grounds are not likely to occur, if new common grounds have been created under wide participation. Furthermore, competing common grounds are less likely to distort coordinated strategic action.

To be sure, high speed and low speed regimes as described here are ideal types. They are used to illustrate the impact of speed on potential breakdown. Further, they illustrate that managers attempting to successfully manage strategic renewal face difficult trade offs:

- Speeding up the renewal process seems to decrease variety in imagination brought to the common ground process, increases the tendency to subsume imagination to existing

common grounds, and if despite this new common grounds are developed, competition between common grounds is likely to increase which may stifle the coordination of strategic action. In sum: speeding up the strategic renewal process increases the likelihood that the process fails altogether.

- On the other hand, slowing down the process of strategic renewal seems to increase the variety of imagination brought to the common ground process, may allow for more common ground development, and increases the likelihood of coordinated strategic action. This, however, is true only to the extent that the language barrier problem has been overcome and the process did not fail before it really started. In sum: slowing down the strategic renewal process decreases the likelihood that the process fails altogether.
- While slowing down the process of strategic renewal seems to be the favorite option which makes fast and coherent decision making, as well as speedy competitive action possible after the renewal has been completed, slowing down the process can also retard strategic renewal so much, that the company has been weeded out by competition at a point in time it would have completed its renewal process.

Summary

This paper suggests that successful strategic renewal involves three subprocesses, namely (1) facilitating strategic imagination, (2) developing common ground among top management and middle management, and (3) coordinating strategic action. The management of and the linkage between the three sub-processes of strategic renewal has to consider potential breakdowns (language barriers, unclear contribution to common grounds, competing common grounds). Further, it is suggested that the careful management of speed is at the heart of achieving successful strategic renewal and avoiding breakdown. We identify key variables influencing the speed of the strategic renewal process (subjective time, participation) and explain what trade offs managers face when they try to slow down or speed up the process of strategic renewal.

Implications for Research

The framework outlined in this article has several implications for both research and practice. In particular neither the role of breakdown nor speed in strategic renewal process have received large theoretical and empirical attention. Thus this paper contributes to the accumulation of a theoretical body of research in this area.

Suggestions made in this paper are consistent with the literature on speed as a strategic factor (Bourgeois & Eisenhardt, 1988; Eisenhardt 1989; Judge & Miller, 1991; Smith, Grimm, Chen & Gannon, 1989; Stalk, 1988), but we argue that the careful management of speed in the process of strategic renewal helps establishing the conditions that makes speedy strategy possible in the first place. As such we see this work as an extension rather than opposite to this literature.

Furthermore, the existing renewal literature has mainly addressed the first dimension of strategic renewal (e.g. Burgelman, 1983; Hamel, 1996). It has focused to lesser extent on the coordination of strategic action, and in particular the process through which imagination and

coordinated strategic action are linked has scarcely been investigated. The linkage of all three subprocesses of strategic renewal is at the heart of the argument presented in this paper. However, several theoretical aspects need still to be explored and integrated. More empirical and conceptual research on the following issues may shed additional light on the process of managing strategic renewal.

First, power and political processes have been highlighted as influential in strategic processes (e.g. Pettigrew, 1973; Cyert and March, 1963). This perspective focuses on the process of bargaining, negotiation and trade-off between different political interests. In our framework the possible positive or negative role of power is not only of general interest. One important area of research would be to develop a better understanding of power, and in particular how to deal with power problems in the three strategic renewal activities outlined in this paper. In particular, the direct influence of power on speed and the possibility for breakdowns is of importance.

Secondly, research on conversation (von Krogh and Roos, 1995) is a novel area in strategic management. Insights from research on the communication between marketing departments and R&D departments in innovation processes (Dougherty, 1992) and strategy formation processes (Franwick, Ward, Hutt and Reingen, 1994), touch upon some of the important aspects in this respect. However, a thorough understanding of issues like the role of language communities, the formation of new language, how to identify and manage language barriers, and the mutual influence between speed and language in strategic renewal processes is still to a large extent lacking.

Thirdly, the contextual determinants of strategic renewal process and how they are conducted have to be further examined. How is strategic renewal processes influenced by issues like competitive climate, organizational characteristics, the history of renewal processes in the organization, and the dominant leadership style as perceived by managers at different levels in

the organization. These determinants can influence the design of the process activities, as well as possible sources for breakdown, and finally the importance of speed management in the strategic renewal process.

Finally, strategic management researchers should take a historical and longitudinal perspective in studying language, power and speed, how they facilitate and impede thinking and action, and how their role change over time. One promising area of research would be to gain a deeper understanding of language, power and speed within and between the three strategic renewal activities. In a later phase these insights could be subject to both isolated and more comprehensive quantitative research.

Managerial Implications

For managers, this framework pin-points some essential aspects of conducting strategic renewal processes. First, this paper presents a process model of strategic renewal in organizations. Thus, the focus is changed from an input-output perspective on processes (Van de Ven, 1992), to addressing some of the main aspects influencing the conduct of strategic renewal. By taking into account the main activities and how these activities are handled in management teams, organizations can improve their ability to conduct well-functioning strategic renewal processes in general and their competitive strength in particular. Thereby, managers may consider all three subprocesses of strategic renewal instead of focusing on only one or the other subprocess. This is important because imagination does not need to enter common ground processes, nor do new common grounds produce automatically coordinated strategic action.

Secondly, the perception and management of speed in management teams has crucial impact on strategic renewal processes. Strategy work is often driven by impatience and urgency because companies are told by researchers and consultants that first-moving and

aggressiveness are essential aspects of a successful strategy. We argue that the value of taking the time necessary to let ideas grow, to develop a solid common ground among managers at several levels, and a coordinated sense about future action is a necessary prerequisite for speedy organizational action in the market place.

Finally, managers may consider potential breakdowns because they impede successful renewal. Moreover, distinguishing key variables that influence the speed of the renewal process, helps identifying trade offs related to speed and managerial efforts to slow down or speed up the renewal process.

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