

THE PRACTICE OF STRATEGY FORMATION
– OPENING THE GREEN BOX

Magnus Rosén

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CONTENTS

LIST OF FIGURES.....	v
LIST OF TABLES	vi
ACKNOWLEDGEMENTS.....	vii
PROLOGUE	ix
1 INTRODUCTION	1
1.1 The practice of strategy formation.....	2
What is strategy?.....	2
Multiple avenues of strategy research.....	4
Introducing the strategy process tradition	5
Introducing the strategy-as-practice tradition	7
Locating this study in the strategic management field.....	9
1.2 The practice of the greening of business	10
Environmental issues and the role of business.....	10
A field in need of empirical substantiation.....	12
Locating this study in the organizations and environment field	16
1.3 Purpose and expected contributions of the study.....	17
1.4 Structure and content.....	18
2 THEORETICAL ORIENTATION	21
2.1 Strategy-as-practice theorizing.....	22
Strategy is situated activity.....	22
Strategy is continuously being constructed.....	23
Strategy is distributed among multiple people	24
Strategy-as-practice concepts	24

2.2	Strategy as an emergent process	28
2.3	Conclusions	29
3	RESEARCHING STRATEGY FORMATION	31
3.1	Why this empirical setting?.....	32
3.2	Framing the field study	34
3.3	Capturing the material.....	40
	Gaining access	40
	Collecting the material	42
	Ethical issues	45
3.4	Analyzing the material.....	46
3.5	Presenting the material.....	47
3.6	Additional reflections.....	48
4	THE MECH GROUP	51
4.1	Structures and processes.....	52
	Organization of senior management	52
	Project management.....	54
	Research and development	55
	Strategic planning.....	56
4.2	History of environmental and social concern	58
4.3	An engineering firm.....	59
5	THE POSITIVE IMPACT STORY	61
5.1	Sensing the need for strategic change.....	63
5.2	Formulating a new strategy	65
5.3	Launching the new strategy.....	69
5.4	Developing an implementation plan.....	71
5.5	Struggling with the implementation.....	74
5.6	The green products project.....	77
5.7	Meeting to discuss the anniversary	78
5.8	The Energizer project	79

5.9	Redefining the green products project into E-line.....	80
5.10	Forming the Corporate Sustainability department.....	82
5.11	Anniversary: launching the first E-line products.....	86
5.12	The next generation project.....	89
	Aligning top-down directives with standard process requirements.....	91
	Investigating the market demand.....	93
	Discussing performance trade-offs.....	95
5.13	Increasing the visibility.....	97
	“Giving them the ball”.....	99
	Allocating more resources.....	99
	Developing visible actions.....	101
	“What’s measured gets done”.....	102
	The management conference, 2007.....	103
5.14	Redefining the next generation project.....	104
	E-line product development projects meeting.....	105
	Shifting focus again.....	108
5.15	Discussing the strategy’s meaning and motives.....	109
	Positive Impact strategy meeting.....	111
5.16	The E-line Alpha project.....	112
	Struggling to justify the project.....	113
	Kick-off.....	116
	Struggling to align top-down directives and actual work.....	120
	Moving on step by step.....	122
5.17	Struggling with ownership.....	124
	Sustainability in the key business processes.....	125
	Planning for a sustainability meeting.....	126
5.18	Launching the E-line Alpha product.....	127
5.19	Summary and reflections.....	130
6	THE PRACTICE OF STRATEGY FORMATION AND THE GREENING OF BUSINESS.....	137
6.1	Introduction to the overall conceptualization.....	139
6.2	Analysis of the situatedness.....	141
	The timeline.....	141
	The micro-contexts.....	148
	The new/existing balance.....	153

Summary and reflections	160
6.3 Analysis of the activities.....	162
Visionary activities	162
Prescribed activities	164
Unrecognized activities	168
Evaluative activities	170
Summary and reflections	174
6.4 Analysis of the integrating functions and roles within the evaluative activities	178
Downward implementation	178
Upward recognition.....	180
Horizontal facilitation	182
Summary and reflections	183
7 MY STRATEGY SAFARI.....	185
7.1 Linking the activity and firm levels	186
7.2 Towards a more dynamic understanding of strategy formation	189
7.3 Conclusions	195
EPILOGUE	199
REFERENCES.....	201

LIST OF FIGURES

Figure 1: Locating this study in the strategic management field	9
Figure 2: Locating this study in the organizations and environment field	17
Figure 3: Strategic activity and unintended consequential activity.....	27
Figure 4: Theoretical framework for this study	29
Figure 5: Organization of senior management.....	53
Figure 6: Organization of projects	54
Figure 7: Organization of product development and marketing in the Industrial Technologies Business Division.....	55
Figure 8: The New Offer Process (NOP).....	56
Figure 9: The strategic planning process.....	57
Figure 10: Sequence of events in the formation of the new Positive Impact strategy and the development of the E-line products.....	62
Figure 11: Graphic illustration of Positive Impact.....	70
Figure 12: The new framework for sustainability	83
Figure 13: The existing initiatives related to Positive Impact	84
Figure 14: Organization of the next generation project	90
Figure 15: Organization of the E-line Alpha project	117
Figure 16: The gradual zooming in on the details	138
Figure 17: Schematic illustration of the conceptualization of the Positive Impact story.....	139
Figure 18: The timeline in the Positive Impact story.....	141
Figure 19: The micro-contexts in the Positive Impact story	148
Figure 20: The types of activity focus in the Positive Impact story	153
Figure 21: The findings and how they are related	186
Figure 22: Synthesis of the existing theoretical concepts and the findings from this study	190

LIST OF TABLES

Table 1: The three interrelated parts of the field study	38
Table 2: Summary of the formal observations and interviews	43
Table 3: Comparison between the actual doing and the leadership intentions	132
Table 4: Characteristics of the top micro-context.....	150
Table 5: Characteristics of the intermediate micro-context.....	151
Table 6: Characteristics of the bottom micro-context.....	152
Table 7: Characteristics of adapting to a new situation	155
Table 8: Characteristics of doing business as usual.....	157
Table 9: Examples of management struggles in the Positive Impact story.....	159
Table 10: The micro-contexts.....	160
Table 11: The new/existing balance	161
Table 12: The practitioners and their doing in the visionary activities	164
Table 13: The practitioners and their doing in the prescribed activities.....	168
Table 14: The practitioners and their doing in the unrecognized activities	170
Table 15: The practitioners and their doing in the evaluative activities.....	174
Table 16: Conceptualization of the Positive Impact story	175
Table 17: Conceptualization of the Positive Impact story	176
Table 18: Characterization of the integrating function called downward implementation	180
Table 19: Characterization of the integrating function called upward recognition	181
Table 20: Characterization of the integrating function called horizontal facilitation.....	183
Table 21: Functions and corresponding roles within the evaluative activities.	184

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PROLOGUE

It was a day in March 2005. A couple of hundred managers representing different parts of the global MECH Group organization attended the management conference, which this year was organized in Asia. The CEO was presenting a review of the firm's overall performance in relation to the strategic targets that had been defined at the management conference two years earlier. Even though there were still areas that could be improved, the financial results looked good and a lot of positive feedback was provided. The atmosphere in the room was relaxed. When the external challenges for the future were presented, issues concerning the natural environment were identified as becoming increasingly important, especially in terms of the rising global emissions of carbon dioxide, and the global warming associated with that. A little later on in the presentation there was a PowerPoint slide titled "Special Focus" that had the word "Sustainability" on it. It was followed by the definition that was used at that time by the MECH Group: "to reduce negative impacts towards zero." The managers participating in the conference listened with increasing attention. The CEO continued his presentation.

In addition to the existing strategic targets, this year we are also launching Positive Impact. Sustainability for the MECH Group is about sustaining life on this planet. Our new focus is for the MECH Group to have an overall positive impact on the natural environment and society, by reducing negative impacts both within and outside the MECH Group, and increasing positive impacts, so that the balance is positive. This is both a business opportunity and the right thing to do from a natural environment perspective. This will, from now on, be one of our Group strategic targets.¹

¹ The quotations in this prologue are based on my memory of the actual event.

A specific quantitative target to reduce carbon dioxide emissions from the MECH Group operations was presented. In addition, a bar chart was presented that showed a red bar representing the negative impacts that should decrease, a green bar representing the positive impacts that should increase, and a resulting green bar representing Positive Impact as the sum of the negative and the positive impacts. During the coffee break after the CEO's presentation, many comments were made expressing a wide range of views about this new strategic target.

One senior manager said that he had not seen this initiative before, and he expressed his concerns about how Positive Impact would be just another point on the management agenda, which already included many other highly prioritized areas of focus. He questioned whether the firm's operations could ever be positive for the natural environment.

I wonder if this is right. This will be problematic, I can tell you. I have not seen this initiative before and I am not sure that the organization will be fully behind it – not because it is wrong, but because there are so many other things on the agenda. I mean, don't we have enough strategic targets? And I don't really understand what this new "Positive Impact" actually means. Of course, it sounds nice to provide an overall positive environmental impact, but what does this mean for our operations? We are operating factories – could that ever be positive for the natural environment?

In another group, the discussion was different. One person was happy to see that the company he was working for cared about the future of the planet, and he expressed his views with great enthusiasm. He was not sure about the business opportunity in the immediate term, but discussed how customers in the future could be expected to ask for environmentally sound solutions.

In fact, I really like this kind of initiative. It actually makes me proud to work for a company that really cares about the future of this planet. This is what we need, and I hope more companies and individuals will take on similar challenges. But is it a business opportunity for us? Well, it could very well be, maybe not today, but in the future. Probably more and more people will start to ask for environmentally sound solutions, and sooner or later we should see it in the demand for our products and services. I hope so, at least. Now it is up to us to do it!

A third person argued that it was one thing to reduce the negative environmental impacts within the firm's operations, but he questioned whether

Positive Impact was a business opportunity. He thought that it would be difficult to sell this concept to the customers.

Well, I agree that this sounds good, but I don't see clearly that this is a business opportunity. To reduce the negative impact within our own operations is one thing, but to sell this concept to our customers is different, I think. I don't see any real market demand. Do you really think that customers will be ready to pay a price premium to be more environmentally friendly?

More discussion about this followed in the group. A fourth person suggested that there already was a market demand for environmentally sound products and services and that his business unit had already been working on these issues for a few years.

The customers in the market segments that we serve already demand more environmentally sound products and services. So I don't really see this as a new focus, at least not for us; maybe for the MECH Group as a whole, but we are already doing it.

Soon the coffee break was over and the management conference continued with other subjects. Positive Impact had now been officially launched.

1 INTRODUCTION

The aim of this chapter is to introduce what this thesis is all about. The study will be positioned in relation to two scholarly fields: i) strategic management, and ii) organizations and environment. The current state of knowledge in these fields will be discussed and shortcomings will be identified. It will be argued that there is a need to do rich empirical research about the practice of strategy formation and the greening of business.

How does a new strategy form in practice? This is a fundamental question for both scholars and practicing managers. Traditional strategy process research has provided rich descriptions of the complexity involved in strategy formation at a firm level (e.g. Bower, 1970; Burgelman, 1983a, 1991; Mintzberg, 1978; Mintzberg and McHugh, 1985; Mintzberg and Waters, 1982, 1985; Noda and Bower, 1996; Pascale, 1984; Pettigrew, 1985). However, we need to develop a better understanding of the details in the actual practice in the micro-context, including which people are involved, what they are actually doing, and what practices they are using (e.g. Jarzabkowski, 2005; Johnson et al., 2007; Whittington, 1996, 2006).

The focus of this thesis is a strategy formation process in a Swedish multinational firm called the MECH Group. It is about the particular change effort to integrate a concern for the natural environment into business strategy. The prologue described an episode from a management conference in 2005 when the CEO launched a new strategy called Positive Impact. The aim was for the firm to have an overall positive impact on the natural environment and the society. This was described as being both a business opportunity and the right thing to do from an ethical perspective. The launch was still in progress, and already there were many different comments and concerns among the conference participants. The immediate response signaled that the implementation of the new strategy would not be unproblematic.

The empirical material serves as an example of two important phenomena. First, it provides details about the practice of strategy formation. Second, and simultaneously, it explores the practice of the greening of business. In the following, I will discuss the study in relation to these phenomena. Thereafter, the purpose and expected contributions of the study will be presented. This chapter ends with an outline of the thesis.

1.1 The practice of strategy formation

There are many different interpretations of the word “strategy,” with respect to its use both in practice and in the more conceptual debates in theory. Some of them will now be introduced, including the definitions that are predominantly used in this thesis. Thereafter, an overview of how strategy formation is studied in the broad scholarly field of strategic management will be presented. In particular, the strategy process and the strategy-as-practice traditions, to which this study is closely linked, will be discussed. A review of the existing literature will be done and shortcomings of the current state of knowledge will be identified. The close relationship between these traditions will be commented upon. Finally, it will be shown how this study is located within the strategic management field.

What is strategy?

Managers use the word “strategy” frequently. In firms like the MECH Group it can typically be heard in expressions such as: “our strategy is to...”; “top management want us to implement this new strategy...”; “the SWOT analysis is part of the strategic planning process...”; “we need to review the strategic position for...”; “at the strategy workshop it was decided to...”; “the new target in our scorecard relates to that new strategy...”; “talking about strategy is one thing, but actually doing it is something else...”; and so on. But what does all of this mean?

Most people would recognize that strategy has to do with the firm’s performance (e.g. Slater et al., 2006). It typically concerns the development of the organization so that competitors can be outperformed and a greater value can be delivered to different stakeholders. It is implicitly assumed that firms need strategies. Some typical rationales include setting direction, focusing effort, defining the organization, and providing consistency (Mintzberg, 1987b).

There are multiple views of the meaning of the word “strategy” in past and current theorizing. In some situations, strategy is a consciously intended *plan* to implement actions to reach some predefined targets. It can, for example, be described as an approach to get from the current situation to a desired future

state of the organization, often expressed as a strategic course of action or as a path to close a gap towards realizing a vision (e.g. Ansoff, 1965; Chandler, 1962).

Strategy can also be about finding the right competitive *position* in the organizational environment through making a match between the organization and its context. Porter (1996: p. 68), for example, states that “strategy is the creation of a unique and valuable position, involving a different set of activities.”

At the same time, strategy can be regarded as a *pattern* in the actual doing. Mintzberg (1978: p. 935) defines strategy as “a pattern in a stream of decisions,” that is, a consistency in commitment to action. Mintzberg and Waters (1985: p. 257) instead define strategy as “a pattern in a stream of actions,” that is, a consistency in intended or emergent activities and organizational behavior over time.

Additionally, Mintzberg (1987a) discusses strategy as a collective organizational *perspective*, an organization’s fundamental way of doing things, and strategy as a *ploy*, a maneuvering that intends to indirectly strengthen the competitiveness of the organization, for example, by drawing focus away from the real strategy.

These different views can be summarized as the five Ps for strategy: plan, position, pattern, perspective, and ploy (Mintzberg, 1987a). In real life, these views typically coexist. In addition, it should be noted that the view of strategy as a *practice* involving people and what they do has lately gained increasing interest (e.g. Hendry, 2000; Jarzabkowski, 2005; Johnson et al., 2003, Johnson et al., 2007; Whittington, 1996, 2003, 2006). What it entails will be further explored throughout this thesis.

Clearly, strategy means different things to different people, depending on the situation. The fact that strategy can be defined in such a variety of ways not only makes the actual work more complex for the practitioners, but it also provides some challenges for scholars in terms of how strategy can and should be researched.

This study focuses on strategy as something that people in organizations *do*. It will shine a light on the detailed activities that are involved in the formation of a new strategy. Two definitions will be referred to: strategy as “a situated, socially accomplished activity constructed through the actions and interactions of multiple actors” (Jarzabkowski 2005: p. 7) and strategy as “a pattern in a stream of actions” (Mintzberg and Waters 1985: p. 257). The details of these definitions and their implications in terms of the studying and theorizing of strategy formation will be further explored in the next chapter. However, it

should be noted that no predefined meaning of the word “strategy” was imposed on the respondents during the fieldwork.

Another note concerns the definition of a strategy formation process. This study relies on a definition of process as “a sequence of events that describes how things change over time” (Van de Ven, 1992: p. 169). This definition provides opportunities for opening the black box between the intended and the realized strategy in the practice of strategy formation. It is mostly applied in qualitative strategy process research (Van de Ven, 1992). A specific feature is that the unit of analysis is understood to change in content over time (Sminia, 2009).

Multiple avenues of strategy research

Strategic management is clearly a broad scholarly field (for reviews, see e.g. Furrer et al., 2008; Herrmann, 2005; Hoskisson et al., 1999). Research in this field seems to have developed in many directions. It involves multiple theories, methods, and levels of analysis. Mintzberg and Lampel (1999), for example, outline 10 different schools² of thought on strategy formation. For an extensive exploration of these, see Mintzberg et al. (1998).

Many scholars distinguish between *prescriptive* schools, in which the purpose of a study is concerned with what a strategy should be and how it should be formed, and *descriptive* schools, in which the purpose focuses on what a strategy is and how it does form (e.g. Mintzberg and Lampel, 1999). This study belongs to the latter category.

Another common distinction is between strategy content and process research (e.g. Mellahi and Sminia, 2009; Schendel, 1992). The content tradition has focused on questions such as *what* the strategy is or should be in a given situation of a firm and its environment. It has been highly influenced by economics-based theory. Two distinct kinds of explanations have been widely recognized. There is the industrial organization view, which has developed theory based on the firm’s position in an industry (e.g. Porter, 1980). There is also the resource-based view, which has proposed arguments based on firm-specific capabilities (e.g. Barney, 1991; Wernerfelt, 1984).

The process tradition has been concerned with questions such as *how* and *why* strategies form or should form over time. Several different explanations have been proposed. For example, the learning school (Mintzberg et al., 1998) has provided influential insights through its introduction of a less formal view of strategy formation. The strategy process tradition has provided several

² These 10 schools are: design, planning, positioning, entrepreneurial, cognitive, learning, power, cultural, environmental, and configuration.

sources of inspiration to this study and it will be discussed in more detail in the following section.

Introducing the strategy process tradition

Strategy process research has made significant contributions through the introduction of a more dynamic view of strategy formation, including a focus on people and what they do. Influential studies include, for example, Bower (1970), Burgelman (1983a, 1991), Mintzberg (1978), Mintzberg and McHugh (1985), Mintzberg and Waters (1982, 1985), Noda and Bower (1996), Pascale (1984), and Pettigrew (1985).

To study the doing of strategy with a process perspective has advantages. It highlights the dynamics over time and acknowledges the influences of multiple people and practices. Thereby, it allows for a more complete understanding (e.g. Maitlis and Lawrence, 2003). For example, it can appreciate aspects such as internal politics and conflicts.

The classical view describes strategy formation as an explicit act by top management in two subsequent phases: formulation, with a focus on strategic decision-making, and implementation, with a focus on how to transfer the decisions into actions in order to generate some predefined output (e.g. Mintzberg et al., 1998; Van de Ven, 1992). A reliance on an economics tradition that assumes rational choice, then, has reduced the complexity of the actual doing into a set of variables (e.g. Jarzabkowski, 2005).

However, these assumptions have been criticized as unrealistic theoretical ideas. Empirical studies have instead shown that realized strategies often do not correspond with the strategies that were originally intended (e.g. Mintzberg, 1978; Mintzberg and Waters, 1982; Mintzberg and McHugh, 1985). It has been demonstrated that important activities can be undertaken irrespective of, or even contrary to, leadership intentions. Consequently, strategy formation has been described as a process where deliberate and emergent strategies converge. This view suggests that top management is somewhat in charge of the process, through the deliberate strategy, and that there are also many decisions and activities in an organization that can emerge into strategy without top management's involvement.

This way of classifying different strategies is distinct from the classical view of strategy formation and is useful, in broad terms, in describing the strategy process. It suggests, for example, that not only top managers are important but that other actors are also relevant to include in the theorizing. Still, though, most strategy research seems not to recognize the importance of this and tends to analyze the actual doing of strategy either by making assumptions about what

people do or by grouping activities into abstract categories such as planning, formulating, implementing, and measuring (Johnson et al., 2007).

There are other shortcomings of the existing literature. Several scholars have argued that the separation between content and process is artificial and that these aspects are best explored simultaneously (e.g. Pettigrew, 1992). Still, though, there are only a few studies that adopt a research approach that allows an examination of their reciprocal evolvement (Jarzabkowski and Balogun, 2009). This is linked to the tendency in the existing literature to make use of dichotomies such as content/process, formulation/implementation, intended/realized, top-down/bottom-up, and so on. It can be argued, however, that these distinctions are not always relevant for the practicing managers. Strategy formation is in reality a rich process, and if theorizing becomes too distant from the empirical phenomenon, it will not be useful to the people who do actual strategy work.

Existing literature is often criticized for being static and for not taking sufficiently into account dynamic issues and the nuances involved in studying people and their activities (Jarzabkowski, 2005; Whittington, 1996). Mintzberg and Lampel (1999: p. 29) argue that we need to give more attention to strategy formation as a whole: “So we must concern ourselves with process and content, statics and dynamics, constraint and inspiration, the cognitive and the collective, the planned and the learned, the economic and the political.” The richness of this subject needs to be further explored.

Furthermore, there has often been a focus on the organizational context. Existing literature has largely missed studying the details in the micro-context (Jarzabkowski, 2005; Johnson et al., 2003). There is a need to focus further on the actors in the strategy process, the people who are actually doing the strategizing work (Jarzabkowski and Spee, 2009). In their extensive review of strategy process research, Hutzschenreuter and Kleindienst (2006: p. 702), for example, identify the “micro-perspective” as one of six main strategy process perspectives.³ The process literature has so far given insufficient attention to the fine-grained nuances and everyday routines of the actual practice (Chia, 2004).

Finally, it can be noted that strategy process research has legitimized in-depth single case studies (Johnson et al., 2003). However, many studies have been based on historical analysis and retrospective case stories after the outcomes were known (e.g. Van de Ven, 1992; Johnson et al., 2003).

³ The six strategy process perspectives are: rational-mechanistic, cognitive, upper-echelon, middle-management, organic, and micro.

Introducing the strategy-as-practice tradition

Lately, the strategy-as-practice perspective has developed (e.g. Hendry, 2000; Jarzabkowski, 2005; Johnson et al., 2003, Johnson et al., 2007; Whittington, 1996, 2003, 2006). It has extended the strategic management research agenda by taking the concern for human actors seriously. The people and their interactions have been brought to center stage, based on the view of strategy as something that people *do*, as opposed to only something that an organization *has*. It is seen as “a necessary corrective to researching the nitty-gritty details of strategy formation” (Chia, 2004: p. 29).

Strategy-as-practice is concerned with the details in the doing of strategy. It seeks to improve the understanding of the micro-processes and it focuses on the messy realities in the doing of strategy, including who is doing it, what is actually done, and how it is done (Jarzabkowski and Spee, 2009). This tradition will now be introduced. A more in-depth discussion of the theoretical foundations, implications for theorizing, and definitions of important concepts will be presented in chapter 2.

This research tradition is part of a broader practice movement in social science (for a review, see e.g. Schatzki et al., 2001). It is influenced by two main ideas in strategic management. First, there is the criticism against many of the normative models and the use of economics-based theory, which have reduced the richness of the doing of strategy, so that the existing theories of strategy have become out of tune with the empirical phenomenon. Second, and consequently, there is an increasing recognition of the importance of bringing actors and action into the research focus, and developing more dynamic theories that appreciate the complexity of practice (e.g. Jarzabkowski, 2005).

By emphasizing the detailed processes and activities of organizational life on a micro-level inside a firm, and how these link to wider contexts on a macro-level, strategy-as-practice acknowledges that the people involved in doing strategy struggle with, for example, competing targets and priorities, asymmetric information, multiple stakeholders with different agendas, organizational behavior, and cultural issues. In its aim to uncover the doing of strategy, it brings focus to people and their decisions and actions and to the different practices that these people make use of.

Studying the doing of strategy with such a perspective is important both for the scholars and the practicing managers. The scholars want to develop knowledge to eventually close the gap between the existing theories of strategy and the actual empirical phenomena, and the practicing managers want to develop their skills in strategizing.

A number of empirical studies have recently started to explore the micro-processes of strategy (e.g. Jarzabkowski, 2003; Jarzabkowski and Wilson, 2002;

Maitlis and Lawrence, 2003; Paroutis and Pettigrew, 2007; Regnér, 2003; Samra-Fredericks, 2003). It has been demonstrated that the actual practice typically involves activities done by people such as top managers, middle managers, project managers, and other actors with different tasks in various hierarchical positions within and outside the firm (e.g. Bower and Gilbert, 2007; Jarzabkowski and Spee, 2009; Regnér, 2003; Whittington, 2006). They can use a variety of practices in their actual doing of the activities, including PowerPoint presentations, formal meeting procedures, standardized work processes, competitive intelligence systems, analytical strategy tools, and more informal discussions behind the scenes (for a review, see Jarzabkowski and Spee, 2009). Furthermore, this actual practice is situated in different contexts (Whittington, 2006).

However, the existing knowledge has some shortcomings. We still need to develop an improved understanding of the dynamics in the practice of strategy formation. For example, the focus of most empirical studies still remains with the top managers. In her important book on strategy-as-practice, Jarzabkowski (2005) adopts an approach in which top managers are allowed to define which activities are strategic. This is done prior to the start of the data collection. There seems to be a risk of becoming trapped into focusing on top managers and thereby missing much of the dynamics and details that this perspective seeks to explore. Even though studies such as Regnér's (2003) argue that strategizing also includes actors "in the periphery" of the organization, specifics such as how people other than top managers are actually involved in strategizing, and how actions other than the ones intended by top managers shape strategy in reality, need to be further examined (e.g. Jarzabkowski et al., 2007).

It should be noted that the focus on top managers is an issue for strategy research in general. Even though there is now an increasing amount of literature that has expanded the scope to include other organizational members (e.g. Wooldridge et al., 2008), there is still a need for further empirical research to uncover the details of how multiple actors can be involved in the doing of strategy.

Strategy-as-practice also needs to move beyond the activity-level findings and engage more in the broader strategy discussions (e.g. Johnson et al., 2003). Knowledge needs to be generated beyond the specific case studies. There seems to be the potential for letting activity-level findings inform existing firm-level strategy concepts and, thereby, for taking such theorizing forward. This study will in particular attempt to link the detailed examinations of an actual practice of strategy formation to prior research and theorizing about strategy as an emergent process (Mintzberg, 1978; Mintzberg and Waters, 1985).

As others have reported, this kind of knowledge is “hard to understand away from practice itself” (Balogun et al., 2003). In order to capture details about strategic activities in real time, close engagement and cooperation with the practicing managers are needed (Johnson et al., 2003). The methodological challenges of strategy-as-practice research will be further discussed in chapter 3.

It should be noted that the relationship between the strategy-as-practice and the strategy process research traditions has been debated. Sometimes, strategy-as-practice has been discussed as an extension of the process tradition, with the two having a similar focus and few differences (Hodgkinson and Wright, 2006; Jarzabkowski and Wilson, 2002; Paroutis and Pettigrew, 2007). It has also been described as one perspective of strategy process research (Hutzschenreuter and Kleindienst, 2006). Finally, it has been brought forward as a tradition with its own distinctions that go beyond the strategy process tradition, for example, in terms of its strong focus on the practice of strategy through the “sociological eye” (Whittington, 2007).

Locating this study in the strategic management field

Figure 1 provides an organizing map, which has been developed to provide guidance in locating this study in the strategic management field. It is inspired by Johnson et al. (2007: p. 18)⁴ and it is based on the distinctions between three fundamental inquiries: what, how, and why, and three different contexts: macro, organizational, and micro (e.g. Whittington, 1996).

		<i>Fundamental inquiry</i>		
		What?	How?	Why?
<i>Context</i>	Macro	Institutional-level strategy content	Institutional-level strategy process	Institutional-level strategy rationale
	Organizational	Firm-level strategy content	Firm-level strategy process	Firm-level strategy rationale
	Micro	Activity-level strategy content	Activity-level strategy process	Activity-level strategy rationale

*Figure 1: Locating this study in the strategic management field
Inspired by Johnson et al. (2007: p. 18)*

⁴ The map in Johnson et al. (2007: p. 18) organizes the strategic management field in terms of i) content and process, and ii) institutional field practices, organizational actions, and activities/praxis.

The horizontal dimension shows the type of fundamental inquiry. It is divided in terms of *what* the strategy is or should be, *how* the strategy forms or should form, and finally *why* the strategy is developed or should be developed.

The vertical dimension shows the context for strategy. It distinguishes between the macro-, organizational, and micro-contexts. The macro-context refers to the institutional-level ideas within which strategy formation takes place. Similarly, the organizational and micro-contexts refer to the firm level and activity level, respectively.

It should also be noted that each of the nine cells of Figure 1 could involve both prescriptive and descriptive accounts.

The point of Figure 1 is simply to present the focus of this study and how this broadly relates to the overall strategic management field. It is shown in the shaded area of the figure. A number of remarks should be made. First, the study is located in between the micro- and organizational contexts, that is, there will be a dual interest, directed to both the activity level and firm level. Detailed findings about an actual practice will be connected to broader strategy topics.

Second, the study spans all three fundamental inquiries, that is, the content, process, and rationale for the strategy will be studied jointly.

The third and final point is not explicitly shown in the picture, namely, that the study will focus on descriptive accounts.

1.2 The practice of the greening of business

The strategy that will be tracked in this study has a special focus, which is the integration of environmental issues into business strategy. Therefore, in addition to providing detailed accounts of the practice of a strategy formation process in general, this study also serves as an example of the new practice (e.g. Bansal, 2003) concerning the greening of business in particular.

In the following, an introduction to the societal discussion about environmental issues and the role of firms will be provided. Thereafter, a review of the existing literature from the organizations and environment field, with a focus on the practice of the greening of business, will be presented. This will include a discussion about the shortcomings of the current state of knowledge. It will then be shown how this study is located within this scholarly field.

Environmental issues and the role of business

Environmental issues in general and the climate change challenge in particular have lately gained increasing attention from many different stakeholders in the global society (Etzion, 2007; Kolk and Pinkse, 2005). For example, many scientists now agree that climate change is a very serious threat to our planet

(e.g. IPCC, 2001, 2007) and that its effect on the global society, including the everyday lives of people and firms, is likely to be substantial (e.g. Porter and Reinhardt, 2007). It is happening outside the direct control of any firm, organization, nation, or government (e.g. Goodall, 2008), and now global commitment is being sought to combat this threat and to develop viable solutions for a sound development into the future.

Many firms nowadays are increasingly responding to the pressures and pursuing opportunities related to the natural environment (e.g. Banerjee, 2001; Delmas and Toffel, 2008). This is being manifested in different ways, such as written policy statements, expanding scope for corporate environmental affairs departments, efforts to reduce the environmental impacts from firms' internal operations, and development and marketing of new green products and services.

Environmental issues are now moving higher up on firms' strategic agendas. The argument that caring for the natural environment is not only the right thing to do from an ethical perspective, but also that dealing with these issues could provide opportunities to develop the business and improve competitive advantage, has lately gained increasing support (e.g. Etzion, 2007; Hart, 1995; Lash and Wellington, 2007; Porter and Reinhardt, 2007; Porter and Van der Linde, 1995; Shrivastava, 1995). Business leaders are now trying to define the new role of their firms for tomorrow's society.

With an increasing acceptance of the idea that firms have a responsibility towards the natural environment and that they could contribute positively to the global society (Starik and Marcus, 2000), the questions facing both the business sector and academia have become more oriented towards understanding how a concern for the natural environment actually becomes integrated into business strategy. A more responsible approach demands new ways of doing business (Ulhoi and Madsen, 2009). What that actually means in reality largely remains to be discovered.

The discussion about the role of business in relation to the natural environment is in general based on two discourses: shareholder value (e.g. Copeland et al., 1994) and sustainability⁵ (e.g. Elkington, 1997; WCED, 1987). While shareholder value has been criticized as being short-term oriented and discouraging innovation, sustainability has been criticized for neglecting business realities and focusing too much on environmental and social aspects (e.g. Dobers and Wolff, 2000). In reality, these discourses coexist and need to be managed simultaneously.

⁵ The term "sustainability" often refers to the so-called triple bottom line: the natural world, the social world, and economic factors (e.g. Elkington, 1997).

From the perspective of a firm, the actual work on environmental issues is often discussed using terms such as “corporate responsibility,” “corporate social responsibility,” “corporate citizenship,” “corporate sustainability,” and “business ethics.” These terms all suggest that a firm assumes some responsibility for the natural environment. As others have reported, however, it can be difficult to conceptually define what corporate responsibility for the natural environment actually means in practice (Etzion, 2007). These issues can be discussed in terms of both technical areas such as product design and manufacturing, and social areas such as local communities and employees. Technological and behavioral change need to be managed simultaneously (e.g. Blomquist and Sandström, 2004). Moreover, it can be argued that, in principle, any business decision and action can be associated with an environmental impact (Etzion, 2007). In this thesis, there will not be a search for further conceptual definitional agreement. Instead, the richness of this topic will be illustrated through a detailed engagement with what a corporate responsibility for the natural environment actually means in practice in a specific field setting – the multinational firm called the MECH Group.

A field in need of empirical substantiation

To begin with, a couple of points regarding different terminology that is being used in theory as well as practice will be introduced.

In the research field organizations and environment, there are two different cornerstones – organizations and the natural environment – and the assumption that they are related to each other and warrant interest from researchers. There are two different approaches of research in this field (Bansal and Gao, 2006). The first one focuses on the natural environment as one parameter for organizational outcomes and is based on mainstream management research, including disciplines such as strategy and organizational behavior. The other approach focuses on the natural environment as an important end in itself and is often targeted to policy makers rather than to business managers. This study takes the former approach.

The term “environment,” in most organizations and environment literature, refers to the natural environment, meaning the land, water, soil, air, etc. that surround us in our daily lives, while in other literature it refers to the organizational environment, which in addition could include customers, suppliers, competitors, other organizations, regulators, and others. The former of these meanings is used in this thesis. Similarly, the term “environmental issues” could in principle mean very different things, but in most previous literature and in this thesis it refers to issues concerning the natural

environment, such as climate change, air pollution, acidification, eutrophication, and toxic materials.

There are a number of terms used in previous literature that somehow refer to how firms incorporate a concern for the natural environment into the way they do business. Albino et al. (2009: p. 84) talk about “embracing environmental sustainability into business strategies.” Banerjee et al. (2003: p. 106) define the term “corporate environmentalism” as “the recognition of the importance of environmental issues facing the firm and the integration of those issues into the firm’s strategic plans.” Bansal and Roth (2000: p. 717) use the term “ecological responsiveness,” which is defined as “a set of corporate initiatives aimed at mitigating a firm’s impact on the natural environment.” Sharma (2000: p. 682) defines an environmental strategy of a firm as “a pattern in action over time intended to manage the interface between business and the natural environment.” In this thesis, the term “greening of business” will be used. I define it as a sequence of events that describes how environmental issues are integrated into business strategy over time. This definition relates to the more general view of a strategy process as “a sequence of events that describes how things change over time” (Van de Ven, 1992: p. 169), which was introduced earlier. As discussed, it provides opportunities for opening the black box between intended and realized strategies.

Historically, many firms have treated environmental management as a functional domain separated from the core business issues. Firms have generally had a passive attitude towards environmental issues, and it was not until the beginning of the 1990s that firms radically changed their orientation towards the natural environment (e.g. Kallio and Nordberg, 2006; Starik and Marcus, 2000). This change was linked to the growing global concern for a sustainable development of the society. In 1987 the World Commission on Environment and Development presented an often-cited definition of sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987: p. 8). Following this, there was an increasing pressure on firms to assume responsibility for the impact on the natural environment from their operations.

Similarly, prior to the 1990s, strategic management literature largely overlooked the natural environment (e.g. Etzion, 2007; Fowler and Hope, 2007; Gladwin et al., 1995; Wolff, 1998). Following the Rio de Janeiro Earth Summit in 1992, the academic attention increased significantly. This was shown, for example, in the special issue of the *Academy of Management Review* in 1995 that focused on sustainable development. The first academic journal dedicated to research on organizations and the environment was *Business Strategy and the*

Environment, which was launched in 1992. Other well recognized journals that focus on this subject include *Greener Management International*, which was established in 1993, and *Organization & Environment*, established in 1997 (e.g. Starik and Marcus, 2000). More recent research shows increasing attention being paid to organizations and the environment, and the quantity of research has multiplied since the 1990s.

Even though the attention to environmental issues has increased both in academia and in practice, organizations and environment is still seen as a young research discipline that needs further empirical substantiation (e.g. Bansal and Gao, 2006; Dobers et al., 2001; Starik and Marcus, 2000). There is a need for further empirical research with extensive material and longitudinal approaches (e.g. Kallio and Nordberg, 2006). Furthermore, the links to organization theories in general need to be further explored (George, 2006; Starik and Marcus, 2000; Wolff, 1998).

There have been several studies about competing perspectives on the relationship between environmental issues and economic development of firms (e.g. Wagner, 2009). These include win-lose (Palmer et al., 1995; Walley and Whitehead, 1994), win-win (e.g. Porter and Van der Linde, 1995), and mixed-motives (e.g. Hoffman et al., 1999). Even though these different viewpoints are still debated both in practice and in theory, many scholars have now concluded that the integration of environmental issues into business strategy is needed for firms to remain competitive (e.g. Etzion, 2007; Hart, 1995; Lash and Wellington, 2007; Porter and van der Linde, 1995; Shrivastava, 1995).

While competitiveness is surely an important motive for firms to go green, several studies have also identified other drivers, such as legitimacy and ethical responsibility (e.g. Bansal and Roth, 2000; Paulraj, 2009).

The content and context of the greening of business have been studied in a number of different ways, for example in terms of generic⁶ competitive environmental strategies, such as eco-efficiency, beyond-compliance leadership, eco-branding, and environmental cost leadership (Orsato, 2006); product and process technologies in manufacturing operations as drivers of environmental performance (e.g. Hart, 1995); environmental technologies, that is, technologies that limit or reduce negative impacts of products or services on the natural environment as sources of competitive advantage (e.g. Shrivastava, 1995; Klassen and Whybark, 1999); green products and the importance of innovation (e.g. Albino et al., 2009; Blomquist and Sandström, 2004; Chung and Tsai, 2007; Foster and Green, 2000; Pujari, 2006); green marketing (e.g. Prakash,

⁶ The term “generic” refers to the generic strategies developed by Porter (1980), these are: cost leadership, differentiation, and focus.

2002); environmental management systems such as ISO 14001 (Jiang and Bansal, 2003); employee involvement (e.g. Jiang and Bansal, 2003; Sharma, 2000); the links between individual concerns and firms' values (Bansal, 2003); effective communication practices between the headquarters levels and the operational units (Lenox and King, 2004); and integration of stakeholder concerns (e.g. Delmas and Toffel, 2004, 2008; Marcus and Anderson, 2006).

To actually combine the work on environmental improvements with ideas of a firm's competitiveness is difficult for managers to implement in practice (e.g. Klassen and Whybark, 1999). There is a substantial amount of literature with normative ideas about the "how" question of the greening of business, that is, suggestions for how the transformation process from business as usual into environmentally sustainable business *should* be managed. Different approaches to support the greening of business have been suggested, including, for example, the natural-resource-based view of the firm (Hart, 1995); a four-stage model that includes pollution prevention, product stewardship, development of environmentally clean technologies, and creation of a sustainability vision (Hart, 1997); a four-step approach to improve the climate competitiveness, including quantifying the carbon footprint, assessing the carbon-related risks and opportunities, adapting the business in response to the risks and opportunities, and, finally, doing all of it better than the competitors (Lash and Wellington, 2007).

While all such normative models and step-by-step approaches certainly seem to make a lot of sense, they provide only limited guidance about what the taking of such steps means in reality.

How a green business strategy actually forms in practice is a fundamental question for the scholarly field organizations and environment. Surprisingly, it largely remains unanswered in previous literature (e.g. Banerjee, 2001; Behnam and Rasche, 2009; Winn and Angell, 2000). Existing literature has, however, provided some important clues. Fowler and Hope (2007) suggest that the incorporation of sustainability into business strategy is a continual and not a sequential process. Füssel and Georg (2000: p. 55) argue that "greening is an ongoing process, subject to contestation, making it impossible to know precisely how the greening process will proceed." Rhee and Lee (2003: p. 178) discuss the gap between the rhetoric and reality of environmental strategy and argue for a distinction between what companies are saying and what they are actually doing: "Words without commitment make employees cynical." Schwartz (2009) demonstrates how past strategizing experiences can shape the development of new environmental strategies. In her study, strategy is viewed as a pattern of actions, following the ideas of Mintzberg and Waters (1985). Sharp and Zaidman (2009) analyze the process of corporate social responsibility

(CSR) strategization, using the framework of Jarzabkowski (2005). They suggest that this process can be driven either from the top down or from the bottom up. Strannegård (1998, 2000) shows that members inside an organization can have different ideas regarding the link between environmental issues and business. White (2009: p. 386) argues for the importance of “getting sustainability incorporated into the DNA of the company.”

In summary, the bias towards top management and their doing, which was discussed for the strategic management field in general, is found in the organizations and environment literature as well (Winn and Angell, 2000). Several studies have explored why firms go green, but the focus has largely been on an overall firm level. Similarly, there have been many studies about both the content and context of green business strategies, but the focus has, again, been on the firm level and not on the details in terms of, for example, the people and their activities. There has also been a tendency to provide normative ideas about how the greening of business strategy should be done, and some overly simplified descriptions about how it can be done, based mostly on examinations of retrospective accounts. Further exploration about how it is actually done in practice is needed. Longitudinal real-time approaches paying close attention to the details involved in the actual doing of the greening of business would be valuable for developing a better understanding of it.

Locating this study in the organizations and environment field

Figure 2 provides an organizing map to locate this study in the organizations and environment field. It is based on Figure 1 in the previous section and shares many of its characteristics, such as the distinctions between the fundamental inquiries and the different contexts.

The horizontal dimension shows the type of fundamental inquiry. It is split in terms of *what* the green business strategy is or should be, *how* the green business strategy forms or should form, and finally *why* the green business strategy is developed or should be developed.

The vertical dimension shows the context for strategy. It distinguishes between the macro-, organizational, and micro-contexts. The macro-context refers to the institutional level within which strategy formation takes place. This can be exemplified by the many ideas and discussions related to the firms' responsibility for the natural environment, including corporate sustainability and green business strategies (e.g. Hart, 1997). The organizational context can be exemplified by firm-level strategies, such as in the studies of the global consumer company by White (2009) or the high-end outdoor apparel company by Fowler and Hope (2007). Finally, the micro-context refers to the activity

level, which can be exemplified by the development of green products (e.g. Albino et al., 2009; Chung and Tsai, 2007; Pujari, 2006).

As mentioned earlier, each cell could in principle involve both prescriptive and descriptive accounts.

		<i>Fundamental inquiry</i>		
		What?	How?	Why?
<i>Context</i>	Macro	E.g. “green” business strategies	E.g. “greening” of business	E.g. motives for “greening” of business
	Organizational	E.g. “green” business strategy of a firm	E.g. “greening” of a firm	E.g. motives for “greening” of a firm
	Micro	E.g. “green” products	E.g. “greening” of product development	E.g. motives for “greening” of products

*Figure 2: Locating this study in the organizations and environment field
Inspired by Johnson et al. (2007: p. 18)*

The shaded area in Figure 2 shows the focus of this study. It also broadly relates this study to both the strategic management field and the organizations and environment field. A number of comments are needed. As indicated, the study will be concerned primarily with the firm and activity levels. The focus will be on people and their doing in relation to strategy formation and the greening of business.

Moreover, the study will cover the content, process, and rationale for the strategy. This will include details such as what a green business strategy is, how the greening of business happens, and why it happens, on firm and activity levels.

Finally, it should also be noted that the study will focus on descriptive accounts, even though this is not explicitly shown in Figure 2.

1.3 Purpose and expected contributions of the study

As discussed in this chapter, much of the existing strategic management literature about strategy formation is based on firm-level studies with a top management bias. This has in turn created challenges in terms of theory, methods, and implications for practicing managers: i) there is a gap between the theories and the actual empirical phenomena; ii) methods are developed and used that might fail to capture the firm-wide aspects of strategy formation; and iii) the implications that managers try to derive from the studies can be misleading.

Much of the existing organizations and environment literature suffers from the same challenges. In addition, it is dominated by many normative ideas that have little or no grounding in the empirical reality.

The general purpose of this study is to describe and examine an actual practice of strategy formation and the greening of business. Typical questions that will be explored in a detailed, real-time, longitudinal field study include: Who is involved? What are they actually doing? and What practices are they using? Thereby, the micro black box(es) between the intended and realized strategies will be opened.

This study is expected to help close the gaps between the theories and the actual empirical phenomena. It is expected to contribute to the theorizing about strategy formation in three ways. First, it will provide detailed real-time activity-level descriptive accounts about this phenomenon. Second, it will broaden the focus from top management and their intended activities to include other people in the organization and the activities they do with little or no involvement from top management. Third, it will connect activity- and firm-level findings. More specifically, it will let a rich understanding about people and their activities and practices inform the theorizing about how deliberate and emergent strategies converge in practice.

Additionally, this study is expected to contribute to the knowledge about the greening of business. By providing a detailed empirical account about the practice of actually integrating environmental issues into business strategy, the study will provide a descriptive view as a complement to the many normative ideas that are found in the existing literature. It will also connect the greening of business to general strategic management theorizing.

Another expected contribution of this study concerns the methods of studying strategy formation as a firm-wide phenomenon, especially in terms of the capturing of relevant real-time material. It will be demonstrated how it can be possible to study multiple people involved in different kinds of activities that have strategic outcomes. This point will be further explored in chapter 3.

Finally, it is expected that an improved understanding of both how a new strategy actually forms in general, and of how environmental issues are integrated into business strategy in particular, will provide more realistic grounds upon which implications for practicing managers can be derived.

1.4 Structure and content

In order to enhance readability, each chapter begins with an introductory paragraph that explains the aim of the chapter.

The thesis began with a prologue. It presented an extract from an episode in which the new strategy referred to as Positive Impact was launched in the firm called the MECH Group.

In chapter 1 (this chapter), the study has been introduced. Literature reviews from two different scholarly fields have been presented: i) strategic management, and ii) organizations and environment. Shortcomings of the existing knowledge have been identified. The focus of this study has been broadly located in relation to these fields. The purpose and expected contributions of the thesis have been presented. Finally, the structure and content of the thesis are now explained.

In chapter 2, a theoretical orientation will be provided. Practice theorizing will be combined with the theory of strategy as an emergent process to develop the theoretical framework of this thesis.

In chapter 3, some methodological considerations will be presented. The chapter includes a discussion of why the specific setting was selected, what methods were used to capture the material, how it was analyzed, and how it was presented in the end. In addition to the traditional information on methods, some of the challenges of doing real-time research about activity-level details of strategy formation will be explained.

In chapter 4, the empirical setting will be presented. Some of the distinguishing characteristics of the firm called the MECH Group will be introduced.

In chapter 5, the Positive Impact story will be presented. The terms and concepts provided by the informants will be used to present a chronological review of events and activities in the strategy formation process. This comprehensive empirical chapter will include a lot of details. A summary and reflection will be provided in the end.

In chapter 6, the level of abstraction will increase and a more theoretical language will be introduced. A grounded conceptualization of the practice of strategy formation and the greening of business in the case of Positive Impact will be developed. Multi-level analyses of the practitioners and their doing will be presented.

In chapter 7, the findings will be summarized and the implications for research and practice will be presented. Some of the ideas and concepts in existing literature will be challenged. Finally, the thesis will be concluded.

2 THEORETICAL ORIENTATION

The aim of this chapter is to introduce the theoretical foundations that are referred to in this study. Concepts from the strategy-as-practice tradition as well as from the theorizing about strategy as an emergent process will be discussed. The importance of having a firm-wide perspective on people and their doing in the strategy formation process will be highlighted.

While there is a long history of strategic management, knowledge about the details of the practice of strategy is still limited (e.g. Whittington, 2003). Theorizing about strategy needs a higher degree of realism (Chia, 2004). To be concerned about the practice means “to go inside the process to examine intimately the kind of work that is actually being done” (Whittington and Cailluet, 2008: p. 244).

In this chapter, some theoretical points of departure that are fundamental to examining an actual practice will be discussed. This will be followed by a review of three important concepts for strategy-as-practice studies: practitioners, praxis, and practices (Whittington, 2006). The critical question of defining strategic activity will be discussed. This will also be linked to the issue of designing studies aimed at researching relevant actual activities in a strategy formation process in real time.

Thereafter, the need to cover the concept of emergent strategy (Mintzberg, 1978; Mintzberg and Waters, 1985) and how this resonates with the prevailing ideas in strategy-as-practice will be explored.

The chapter will be concluded by combining the strategy-as-practice concepts with the theorizing about strategy as an emergent process into a theoretical framework for this study.

2.1 Strategy-as-practice theorizing

The strategy-as-practice perspective intends to bring more focus onto the micro-processes and activities that constitute the day-to-day strategy work in organizations. It is concerned with strategy as an activity rather than as an organizational property (Whittington, 2006). That is, while traditional strategy research is based on the idea that an organization *has*, for example, a strategy and a strategic planning process, strategy-as-practice directs the attention towards the *doing* of strategy. This perspective acknowledges the complexity of the actual activities involved therein.

A couple of comments need first to be made regarding terminology in the strategy-as-practice theorizing. Since this is a new tradition in strategy research, there is still no common view on the meaning of certain words. First, the words “action” and “activity” are often used interchangeably, referring to the actual doing of something. This is the case also in the following. Second, the meaning of the word “practice,” which is one of the most crucial terms in this whole tradition, is discussed in different ways in the existing literature. The definition of practice in this thesis relies on the proposal developed by Whittington (2006), namely that practice encompasses three elements: the actors, called practitioners; the actual activity, which is sometimes called praxis; and the practices. These will be further discussed later in this chapter.

Jarzabkowski (2005: p. 7) defines strategy as “a situated, socially accomplished activity constructed through the actions and interactions of multiple actors.” This definition is built upon some theoretical points of departure that are fundamental to practice studies: strategy is situated activity; strategy is continuously being constructed; and strategy is distributed among multiple people (e.g. Jarzabkowski, 2005; Johnson et al., 2007).

Strategy is situated activity

Strategy-as-practice is concerned with different kinds of activity (Johnson et al., 2007), which both shapes and is shaped by the society in which it occurs. Any specific situation involves a context for interpreting an activity and at the same time, the context provides that activity with meaning. As discussed by, for example, Jarzabkowski and Wilson (2002: p. 357) “the context provides an interpretative framework in which particular courses of action ‘make sense’ in a manner that may be unique to that time and place.” This reciprocal relationship between activities and contexts can be discussed in terms of situatedness (Jarzabkowski, 2005).

As others have reported, the meaning of the word “situated” can be difficult to define (Jarzabkowski, 2005). Two different contextual levels are often

referred to in the existing strategy-as-practice literature. Whittington (2006) refers to the extra- and intra-organizational fields to discuss what is going on outside and inside the organization under scrutiny. He argues that practice theorists appreciate both the social forces in the society and the individual human actors and their actions. Similarly, Jarzabkowski (2004: p. 530) argues that “practice occurs in macro-contexts that provide broad commonalities of action, but also in micro-contexts in which action is highly localized.” Johnson et al. (2007) as well as Jarzabkowski and Spee (2009) also discuss the so-called macro- and micro-phenomena. The macro-context can be useful in explaining why organizations appear to be similar (e.g. DiMaggio and Powell, 1983), while the micro-context can explain differences between subsettings inside an organization.

The claim that strategy formation is contextually based is acknowledged also in the strategy process literature. It has been suggested by Pettigrew (1977: p. 79) that “Part of the context is the location of strategy in time.” Furthermore, Burgelman (1983a) refers to different structural positions of the organizational hierarchy to locate activities.

Strategy as situated activity implies that activities, actors, and contexts are interrelated and must not be separated from each other in the studying of the practice of strategy formation. Most strategy-as-practice studies have been concerned with examining activities in a micro-context (Jarzabkowski and Spee, 2009) and they have thereby missed exploring the potential links between what is going on in a micro-context and the broader strategy discussions (e.g. Carter et al., 2008; Johnson et al., 2003).

As discussed in the previous chapter, this study will focus on the micro- and organizational contexts, referring to the activity- and firm-level analyses, respectively. The investigations will mainly be conducted within the local context (Jarzabkowski, 2004, 2005) inside the intra-organizational field (Whittington, 2006) and over time.

I want to make a final remark about this subject. Any separation of contexts, whether it is micro, organizational, and macro, or something else, is nothing but a theoretical construct. Clearly, any given activity can be exposed to a multitude of contexts that could be named in many different ways. The important point is that the contextual nuances need to be considered in the interpretation of the activities.

Strategy is continuously being constructed

Ideas about strategy are commonly oriented towards the future (Jarzabkowski, 2005). This can be seen in popular expressions such as vision, mission, goals, and strategic targets. The expected result from a strategic planning process is

often described, for example, in terms of the closing of gaps between the current state and the desired future state of the organization.

In reality, however, strategy involves a continuous reciprocal process between the history, the current situation, and the future. The ideas about the future might drive change in the current activities while at the same time the history might affect the ideas about the future. In this way, strategy formation is never completed, but is always under construction. The work of the strategy practitioners is thereby constantly ongoing (e.g. Jarzabkowski, 2005; Tsoukas and Chia, 2002). This is similar to the idea found in the strategy process tradition, that is, that strategy is a process and not a state, and that strategy is a matter of becoming rather than being (Pettigrew, 1992).

Therefore, the studying of the practice of strategy formation needs to include the actual doing of people in a process over time. A clear beginning and end might not exist. This process will likely involve activities that can be derived both from the need to change in accordance with the ideas about the future and from the inertia based on history and tradition (Jarzabkowski, 2005).

Strategy is distributed among multiple people

Complex processes such as strategy formation involve activities distributed among multiple actors (Jarzabkowski, 2005). Naturally, each individual actor can often only have partial knowledge about the overall process, and no single actor can carry out all the activities. The different actors can also have competing priorities and interests, making it problematic to create a collective movement in relation to, for example, a new strategy. This poses a challenge for organizations in general and for top management specifically since they are often seen as having responsibility for the collective output.

Top management is often brought to the center stage of strategy-as-practice theorizing (Jarzabkowski, 2005; Johnson et al., 2003). However, the studying of strategy formation needs to include multiple people and their different situated activities. In order to capture the firm-wide aspects of this subject, we would typically need to extend the focus to include people other than top management (e.g. Johnson et al., 2007). This point will be further explored later in this chapter.

Strategy-as-practice concepts

Whittington (2006) discusses three core themes for strategy-as-practice theorizing: the actors that do things (i.e. *practitioners*); what they actually do (i.e. *praxis*); and the *practices* they are using.

Practitioners

Strategy practitioners can be defined as “strategy’s actors, the strategists who both perform this activity and carry out its practices” (Whittington, 2006: p. 619). They can be widely referred to as those directly and indirectly involved in making strategy (e.g. Jarzabkowski and Whittington, 2008).

Jarzabkowski and Spee (2009) present a classification in two dimensions: first, whether the strategy practitioner is an individual or an aggregate actor; and second, whether the actor is internal or external to the organization under scrutiny. They show that most empirical strategy-as-practice studies focus on aggregate actors within the organization.

Many strategy-as-practice studies favor the individual efforts of people in the central positions of firms, namely top management (Jarzabkowski, 2005; Jarzabkowski and Spee, 2009; Johnson et al., 2003). However, there can also be other strategy practitioners. Balogun and Johnson (2004) focus on middle management. Regnér (2003) acknowledges the important roles of people in the organizational periphery. Mantere (2005: p. 157) refers to “strategic champions,” who are “individuals trying to influence strategic issues larger than their own immediate operational responsibilities.”

Johnson et al. (2007) discuss the need to involve a plurality of actors in the strategy-as-practice theorizing. We need to move away from the focus on the top management to include other organizational members who in reality could be important strategy practitioners.

Praxis

Whittington (2006: p. 619) defines praxis as “actual activity, what people do in practice.” It is about the day-to-day engagements in which managers and others are involved. Johnson et al. (2003: p. 15) define activity as “The day-to-day stuff of management. It is what managers do and what they manage. It is also what organizational actors engage in more widely.” This doing of people in terms of strategy work is sometimes called strategizing (Whittington, 2003).

One important question that arises from this definition is: What actual activity is strategic? As others have reported, this can be a quite problematic question to answer (e.g. Jarzabkowski, 2005). Mintzberg (1978: p. 934) broadly refers to happenings that are “significant.” Johnson et al. (2003: p. 3) propose that strategic activity relates to strategic outcomes, which in turn are broadly described as something that “can have significant consequences for the organizations and those who work in them.” Similarly, Jarzabkowski (2005: p. 11) discusses activity that is “strategically important.” Other, similar, definitions have been proposed. For example, Mantere (2005) suggests that “strategically

important issues” can be defined as “both issues an individual agent calls strategic and issues the agent reports as crucial for the organization’s success, survival or completion of its mission” (p. 157).

How can we know in advance if certain activities will have strategic outcomes or not? Jarzabkowski (2005: p. 12) discusses the concept of intentionality, which means that “this activity is intended to have an outcome which will be consequential for the organization as a whole – its profitability or survival.” This resonates with Whittington’s (2006: p. 619) reference to strategy praxis as “all the various activities involved in the deliberate formulation and implementation of strategy.”

This study, consequently, adopts a definition of strategic activity as *activity that is intended to have strategic outcomes*.

A couple of remarks need to be made. First, we will not know until after the fact whether or not the intended outcome will be realized. In other words, a strategic activity could in retrospect turn out not to have strategic outcomes.

Second, earlier studies have shown that strategy formation can be described as a process where deliberate and emergent strategies converge (e.g. Mintzberg, 1978; Mintzberg and McHugh, 1985; Mintzberg and Waters, 1982, 1985). In other words, there can be non-strategic activities that, after the fact, turn out to have strategic outcomes.

Therefore, it can be argued that the focus on strategic activities, as defined above, favors the traditional view of a strategy formation process based on clear intentions in the formulation phase followed by a realization of the strategy in the implementation phase. If we accept the requirement of intentionality, we will simply exclude many emergent activities from the strategy-as-practice research. Since many activities, in reality, will potentially have strategic outcomes, it can be argued that they need to be included in the theorizing about strategic activities and strategy formation as a firm-wide phenomenon.

This study, therefore, defines unintended consequential activity as *activity that is not intended to have, but that in reality has, strategic outcomes*.

These two definitions and their relationship are illustrated in Figure 3.

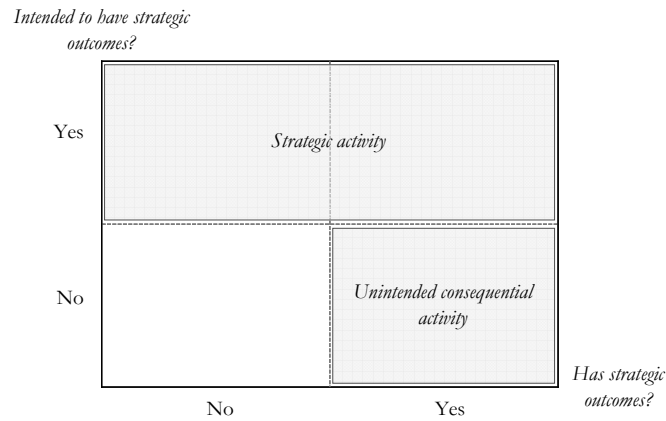


Figure 3: *Strategic activity and unintended consequential activity*

The next question is: How are such activities studied? The methodological challenge of doing this will be discussed in chapter 3 of this thesis.

Jarzabkowski and Spee (2009) suggest three levels to distinguish how praxis so far has been studied in the existing literature: micro, meso, and macro. The micro level refers to studies of strategy praxis at the level of an individual or a group of people in a local situation, for example, in a strategy workshop (e.g. Samra-Fredericks, 2003) or a specific meeting. Studies of broader organizational events, such as strategy processes or strategic change efforts (e.g. Balogun and Johnson, 2005), are classified into the meso level. The macro level refers to praxis on an institutional level, including, for example, industry-wide changing patterns of actions.

Practices

Practices are defined as “shared routines of behaviour, including traditions, norms and procedures for thinking, acting and using ‘things’” (Whittington, 2006: p. 619). They “structure the flow of everyday strategy work” (Mantere, 2005: p. 158).

This includes, for example, the artifacts used for taking action. A strategy formation process could include artifacts such as strategic planning processes and procedures, checklists, analytical tools, visual symbols, PowerPoint presentations, and other things that are used throughout an organization during strategy work. The use of a specific tool could legitimize certain types of activities and vice versa so that even though a specific artifact as such might not

be meaningful in isolation, it could become vital when it is used in a certain activity.

A number of different concepts about strategy practices are found in the existing literature (e.g. Carter et al., 2008; Chia, 2004; Jarzabkowski and Spee, 2009; Whittington, 2006). These include discursive approaches to explore different forms of strategy talk as practices; various modes of doing strategy, including strategy episodes such as workshops; and material aspects of strategy practices, including, for example, strategy tools and PowerPoint presentations (Jarzabkowski and Spee, 2009).

Similar to, for example, Regnér (2003) and Paroutis and Pettigrew (2007), this study will adopt an empirical approach in which typical practices in a strategy formation process in a field setting will be identified and examined.

2.2 Strategy as an emergent process

Research into the relationship between top managers' intended strategy and what was actually done in the organization, that is, the realized strategy, led Mintzberg (1978) and Mintzberg and Waters (1985) to define two distinct types of strategy: deliberate strategy, which is "realized as intended" (p. 257); and emergent strategy, which is "patterns or consistencies realized despite, or in the absence of, intentions" (p. 257). In addition, they discuss unrealized strategy as the intended strategy other than the deliberate strategy, that is, the parts of the intended strategy that never got realized.

They refer to a definition of strategy as "a pattern in a stream of actions" (p. 257), which is further discussed as consistencies in streams of behavior. In other words, when a sequence of actions shows consistency over time, a strategy will be seen to have formed.

Most studies of strategy formation using this definition of strategy focus on the firm-level analysis based on retrospective material. These include, for example, the study of the strategies of Volkswagenwerk and the US government in Vietnam by Mintzberg (1978), the tracking of the strategies of Steinberg Inc. by Mintzberg and Waters (1982), and the study of the strategies of the National Film Board of Canada by Mintzberg and McHugh (1985).

It has been suggested that it is through the identification of emergent strategies that managers come to change their intentions (Mintzberg and Waters, 1985: p. 271). Moreover, it has been argued that "all viable strategies have emergent and deliberate qualities" (Mintzberg, 1994: p. 111). The details of how such strategy formation actually happens in practice have largely remained unexplored, however. Most empirical accounts seem to have described this through firm-level and retrospective studies.

It can be argued that detailed accounts of the practitioners, praxis, and practices in a firm-wide strategy formation process in real time would be interesting. Although such a study would be challenging to carry out, it could advance the current state of knowledge in this area of the strategic management field.

2.3 Conclusions

The studying of strategy formation needs to be concerned with the multitude of people in the organization and those of their activities that have strategic outcomes. I argue that one major shortcoming of the strategy-as-practice perspective is that in reality it seems to focus too much on top management and the intended strategy. Consequently, there is a risk of not capturing the emergent aspects of strategy.

In order to bring a more realistic view to the theorizing about strategy formation it can be suggested that the concepts from the strategy-as-practice perspective be combined with the theorizing about strategy as an emergent process. More specifically, it can be argued that a concern about the details in terms of the people and their doing in a study that acknowledges both deliberate and emergent strategies could provide a theoretical framework upon which the practice of strategy formation as a firm-wide phenomenon can be explored. This is schematically illustrated in Figure 4.

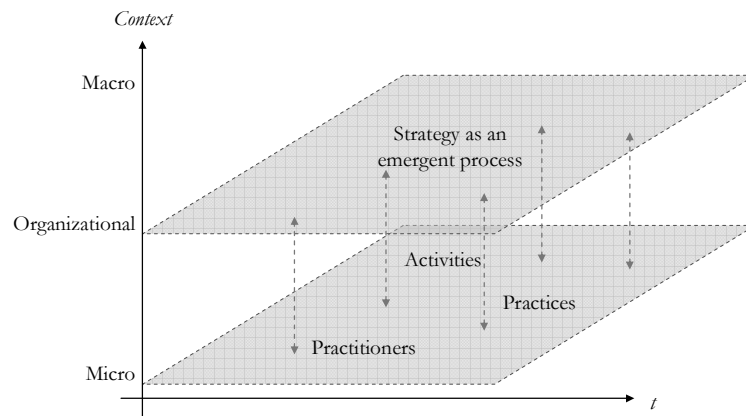


Figure 4: Theoretical framework for this study

In summary, the framework for this study to examine the practice of strategy formation empirically includes the following key points. The focus will be on

CHAPTER 2

the actual doing in the micro-context, including multiple practitioners, those of their activities that have strategic outcomes, and the practices they are using. This is shown in the lower field of Figure 4.

In an effort to move away from the focus on the top management, a plurality of organizational members will be included. Moreover, an exploration of strategic activities as well as unintended consequential activities will open up for the possibility to involve both deliberate and emergent strategies.

Thereby, the details in the micro-context can be connected to the broader theorizing about strategy as an emergent process, as shown by the reciprocal arrows between the lower and upper fields of Figure 4

In addition, it is acknowledged that the strategy formation process is also embedded in a macro-context, as shown at the top of the vertical axis of Figure 4. This is not the focus of this study, however.

Thereby, through the inclusion of the unintended consequential activities it will be possible to enrich the strategy-as-practice tradition. Moreover, by studying the people and their doing in the strategy formation process in real time, it will be possible to improve the detailed understanding about strategy as an emergent process.

3 RESEARCHING STRATEGY FORMATION

The aim of this chapter is to describe and discuss the methodological choices that were made in this study. In addition to the traditional information that can be expected from a methods chapter, some of the particular challenges of researching activity-level details of strategy formation in real time will be discussed.

In chapter 1, it was argued that there is a gap between the theories of strategy formation and the empirical phenomena, and that there is a need for more studies that can provide detailed realistic accounts of how new strategies actually form (e.g. Jarzabkowski 2005; Johnson et al., 2007; Whittington, 1996, 2006). It was also indicated that carrying out such research can be methodologically challenging. Johnson et al. (2007: p. 78) mention, for example, that “in-depth knowledge of a practice can only be properly acquired by participating in it.” Rasche and Chia (2009: p. 714) similarly argue that scholars need to “get closer to strategy practices by an in-depth ethnographic approach.”

How did I go about studying the practice of strategy formation? The short answer is that I went to the field to have a look. A large amount of material, which includes multiple practitioners and their actual doing, has been collected and analyzed in an attempt to ground this study in the empirical reality.

There is also, however, a much longer answer involving a number of methodological considerations that arose throughout the research process. This chapter will first describe why it was decided to focus on the MECH Group and its new strategy, Positive Impact. Thereafter, it will present the overall framing of the field study. Some methodological consequences of trying to capture activities that have strategic outcomes will be discussed, followed by a review of how the empirical material has been captured. The matter of the close proximity between the researcher and the object of study will be given special attention. The methods used to collect the material will then be explained, and

some of the ethical issues related to this study will be discussed. Next will be an explanation of how the analysis was done, and how the material was presented in the end. Finally, some additional reflections will be made about the challenge of developing the identity of a researcher – someone perceived less as an insider and more as an outsider.

3.1 Why this empirical setting?

The MECH Group and Positive Impact provided a highly relevant setting for studying the phenomena that I wanted to explore: the practice of strategy formation, and the practice of the greening of business. The MECH Group was interesting to study since it was recognized as a leading industrial company in terms of both its financial performance and its sustainability work. It had a long history as an industrial company that showed commitment and leadership with regard to sustainability. It was, for example, included in several external evaluations such as Dow Jones Sustainability Indexes⁷ and the Financial Times FTSE4GOOD Indexes.⁸ Additionally, it was a member of external associations such as the World Business Council for Sustainable Development, and it adhered to the United Nations Global Compact principles. Therefore, it seemed to be relevant to take a look at what was actually being done in this firm.

Positive Impact was interesting for two reasons: first, it was a new strategy; and second, one of its aims was to integrate environmental issues into the core business strategy. This was a new way of considering environmental management. It was not only about reducing negative impacts on the environment, but it was also about enhancing the competitiveness of the firm.

It needs to be acknowledged, however, that there were also other reasons why this particular study took place. In retrospect, it is possible to argue that the fact that I was able to see the opportunity arising was an essential factor.

In my previous work role, I participated in the management conference at which Positive Impact was launched. By then, I had been working for a few years with business development in one of the MECH Group's Business Divisions. I had long been interested in and concerned about both the business opportunities and the challenges related to the natural environment, and it was

⁷ Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide.

⁸ The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognized corporate responsibility standards, and to facilitate investment in those companies.

interesting to see that these issues were finding their way onto the strategic agenda. Towards the end of 2005, the idea to run a research project about the formation of Positive Impact started to crystallize.⁹ After some discussions, both within the firm and with the university, it was agreed to start the study in September 2006.

It should be noted that when the decision to run this research project was taken, the level of activity regarding Positive Impact inside the MECH Group had slowed down compared to the year before. Many people seemed to have difficulty fully understanding the new strategy and, consequently, not much actual change was happening. In a discussion with the CEO prior to the start of the research project, he argued that Positive Impact could only be realized if it was made part of the natural way of working. He wanted it to become integrated in the day-to-day business operations. How this would happen remained to be seen.

During this time period, the Corporate Sustainability staff function of the MECH Group was reorganized. A new Senior Vice President Corporate Sustainability was appointed, and a team was formed to continue the work with Positive Impact and many other initiatives related to sustainability throughout the global firm. In my new role, I became a member of this team.

The MECH Group demonstrated strong interest and support with respect to running this research project and developing knowledge about the details of the strategy formation process. This can be exemplified by the fact that the CEO and the Senior Vice President Corporate Sustainability agreed to be members of a research steering group,¹⁰ which had regular meetings throughout the research process.

The MECH Group was also willing to provide almost unlimited access to material. For example, a lot of highly sensitive material, such as notes from executive meetings and different kinds of business intelligence material, were made available, and respondents willingly set aside time for interviews and discussions. The excellent access to empirical material turned out to be essential to this study. It can be argued that this was linked to the level of trust that existed between the informants and me, which in turn could be explained by

⁹ When I graduated from a university in Sweden in 1997, I actually considered embarking on a PhD journey. At that time, however, after having read much about industrial management in theory, I decided to join the business community. Eventually, I came to work for the MECH Group and began to learn what ideas such as “management,” “strategy,” “planning,” “organizing,” etc. were and were not in various situations in practice.

¹⁰ This group also included two representatives from the university.

my close proximity to this firm. This point will be further discussed later in this chapter.

3.2 Framing the field study

I wanted to provide a deep understanding of the activity-level details of a strategy formation process in real time, but it was not known beforehand exactly what to study. The challenge was to identify and collect relevant material about “the detailed processes and practices which constitute the day-to-day activities of organizational life *and* which relate to strategic outcomes” (Johnson et al., 2003: p. 3).

In strategy research, it is common to focus on top managers and the work they are doing. For example, Jarzabkowski (2005: p. 13) argues for “allowing top managers to define, prior to the start of data collection, what activity is strategic.” However, as discussed in the previous chapter, it can be argued that there is a big risk that such an approach will not sufficiently cover the concept of emergent strategy. Some activities that in real time are regarded as nothing more than routine tasks can turn out to have strategic outcomes.

This study has, instead, been developed based on the assumption that, in principle, any activity can turn out to have strategic outcomes. I wanted to track strategic activities as well as unintended consequential activities.¹¹ An inductive approach has been used to capture a large amount of fine-grained empirical material. It needs to be acknowledged, naturally, that a lot of material has been collected that in the end was of little or no use to this specific study. Several activities were studied that turned out to be nothing out of the ordinary, and to have little or no relevance for Positive Impact. This could not really be known until after the material had been analyzed. I argue that this dilemma has to be accepted as part of studying emergent strategy in real time.

It was necessary to develop a focus of the study. What, then, was an appropriate approach to decide about what to study, and what not to? The research design was, in principle, developed as a convergence between some initial intentions and some themes that emerged throughout the course of the research process. I basically wanted to do a longitudinal real-time¹² study of the practice of strategy formation and the greening of business. The empirical material needed to cover multiple practitioners and their actual doing. It also needed to cover both the intended and realized strategies. With the firm

¹¹ These were defined in chapter 2.

¹² As others have reported, respondents can easily forget details, and retrospective accounts alone might provide material which is not sufficiently accurate (e.g. Golden, 1992).

allowing such good access to material, it seemed to be possible to uncover details about the strategy intentions with regard to Positive Impact. Similarly, there seemed to be enough opportunity to study what was actually done regarding the new strategy and how this compared to what had been intended.

While the studying of both the intended and realized strategies was fairly unproblematic, the examining of the actual doing inside the black box in between them was more challenging. As discussed, the concept of emergent strategy provided inspiration for the field study. To cover this seemed to require an understanding of some non-strategic activities that would eventually form part of the realized strategy. Since it would not be known beforehand what the actual realized strategy would be, it had to be challenging to study the appropriate activities in real time. There could, of course, be many happenings that could potentially develop into emergent strategies. Again, in other words, what would be experienced *after the fact* as a realized strategy could often, *before the fact*, simply be any unremarkable activity among others. How this challenge has been managed will be discussed below.

The fieldwork began as soon as the research project started, in September 2006. Initially, there was a focus on the activities involving the Corporate Sustainability department. As a member of this newly formed group, I got to participate in many day-to-day activities, such as team meetings, project reviews, planning exercises, and so on. Many informal discussions were held, and numerous documents were collected. I wanted to learn about the overall work in the department. In addition to all the general information, I tried to get hold of as much material as possible that had to do with Positive Impact. Typical inquiries concerned why and how it had been launched and how people in the organization had viewed it at the time. I attempted to uncover the details of the events that triggered the development of the new strategy and the approach used to develop and launch it, including the initial ideas regarding both the strategy content and process. A lot of historical material was collected, including, for example, the actual presentation material from the launch at the management conference in 2005.

Two aspects of Positive Impact stood out: the aim to reduce negative environmental impacts from the operations, and the aim to increase the positive environmental impacts from products and services. On the one hand, informants regarded the reduction of negative environmental impacts mainly as an internal initiative focusing on reducing carbon dioxide emissions and energy consumption, primarily in the manufacturing operations in the factories where the products were produced. On the other hand, increasing the positive environmental impacts was regarded as a real business strategy initiative,

including product development, marketing, and sales. It was decided to have the study focus on this latter aspect of the new strategy.

It soon turned out that some new “environmentally sound” products and services were to be developed. In the beginning of 2007, about two years after the introduction of Positive Impact, the two first types of the new “E-line” products were launched onto the market. They provided improved environmental performance in terms of significantly reduced energy consumption in different industrial applications, and they were presented as being part of Positive Impact. At the launch, it was said that further E-line types would be developed. Since I had a lot of prior knowledge about the company, including its strategies and operations, it was possible quite early on in the research process to identify the E-line product development project as a potentially important part of the Positive Impact strategy formation process.

The development of these products was seen as an opportunity to study, from a practical perspective, the implementation and realization of the new strategy, as opposed to the strategy intentions that were expressed elsewhere in the empirical material, and to understand what the new strategy actually meant in practice for the employees.

In April 2007, it was decided to follow the “next generation” project – which involved several subprojects, including the development of the E-line products – in detail and in real time. The aim was to understand whether, and if so how, the new strategy and these products were related to each other.

One of the new products was called “E-line Alpha”. Its development process was followed from the initial discussions in 2007 until the end of 2008, when the actual product had been developed and launched onto the market.

In parallel with the study of the E-line Alpha product development project I continued to document how Positive Impact formed over time in real time. This included studying the work in the Corporate Sustainability department – a staff function that many informants saw as occupying an important position between senior management and the rest of the organization.

It also involved an investigation of how the new strategy got integrated (or not) into the day-to-day concerns with regard to five different business processes. This was an opportunity to cover a middle management and cross-organizational¹³ perspective.

Material from another management conference in 2007 and from many day-to-day activities at the MECH Group headquarters in Sweden was also collected. It helped to improve understanding about what Positive Impact

¹³ By this I mean that the business processes were discussed in similar ways throughout the whole organization and that they thereby crossed the (often significant) Divisional borders.

RESEARCHING STRATEGY FORMATION

meant to the employees and how the ideas and viewpoints about the new strategy developed over time.

In retrospect, the field study can be summarized as three closely interrelated parts (see Table 1).

Table 1: The three interrelated parts of the field study

Part	Timing	Material and methods
A. How Positive Impact was initiated, how it was developed, and how it was launched	September 2006 until 2007	<p>Material:</p> <ul style="list-style-type: none"> • Mostly historical information • Written accounts, such as PowerPoint presentation files, Word documents, e-mails, and meeting notes • Verbal accounts from the people who were involved early on in the strategy formation process, including senior management and members of the strategy task force called the Tiger Team <p>Methods:</p> <ul style="list-style-type: none"> • Interviews and documents
B. How Positive Impact was implemented and realized through the development of the E-line products, one of which was the E-line Alpha product	Beginning of 2007 until the end of 2008	<p>Material:</p> <ul style="list-style-type: none"> • Real-time material from the work on the E-line projects, including day-to-day activities in the product development departments and meetings in the steering committees <p>Methods:</p> <ul style="list-style-type: none"> • Observations, interviews, and documents
C. How Positive Impact formed over time, including what the new strategy meant to the employees and how their ideas and viewpoints developed over time	September 2006 until 2009	<p>Material:</p> <ul style="list-style-type: none"> • Real-time material from the work of the Corporate Sustainability team; an investigation of how the new strategy got integrated into the day-to-day decisions and actions (or not) with regard to five different business processes; and real-time material from another management conference in 2007 <p>Methods:</p> <ul style="list-style-type: none"> • Observations, interviews, and documents

By collecting rich empirical material in these three parts it was possible to shine a light on a strategy formation process in real time where the various activities were embedded in different contexts.¹⁴

I could recognize different levels of analysis (e.g. senior management, corporate staff, middle management, and project team levels). It was possible to unfold the sequence of events over time, including history and real time, and I could search for holistic explanations, including how planned and unplanned activities combined, how the strategy intentions compared to what was actually done, how a strategy was implemented and realized in terms of the development of new products, and how the interplay between practitioners, activities, and practices developed over time.

Naturally, during the study I came across some confusion with regard to the meaning of “strategy” and the approach to studying it. Let me give an example. The actual fieldwork included, among other things, the observing of steering committee meetings, project workshops, and informal discussions, in an attempt to cover the activity-level details. The informants were told that one of the purposes of the research project was to improve understanding about how a new strategy forms. When asked for access to observe a meeting, the person in charge had difficulty seeing what their discussions had to do with strategy. As he expressed it:

I thought you said that the study was about strategy. What has this meeting to do with that? I don't see why you want to follow what we do in this project. But it's ok with me, if you want to spend time on that...

I found several examples of the view that strategy is something that exists or should exist as a property at the firm level. The link between that and the actual activities carried out in the micro-contexts within the firm was not obvious to the respondents, at least not in terms of how these activities played a part in any strategy formation process. Strategy was one thing. Activities were something else.

¹⁴ It should be noted that these contexts shape what actors do, and at the same time the actors and their activities also shape the contexts, so that activities and contexts are intertwined. This is an important assumption in the study of process and practice (e.g. Jarzabkowski, 2005; Pettigrew, 1997).

3.3 Capturing the material

I wanted to provide a deep understanding of real situations without knowing beforehand what the study would reveal. Since there is a need for further development of both theory and practice with regard to the practice of strategy formation in general, and the practice of the greening of business in particular, it seemed appropriate to use qualitative methods (e.g. Eisenhardt, 1989). The use of in-depth and largely qualitative material to get close to the empirical phenomena is central both to strategy process research (e.g. Van de Ven, 1992) and strategy-as-practice research (e.g. Jarzabkowski, 2005; Johnson et al., 2007).

In the early stages of the research process, both the research question and its scope were left rather open. Early specifications were avoided. Data collection, development of hypotheses, and theory building were interlinked with each other, and the research question and its scope were progressively developed over time.

It was necessary to go back and examine events that took place before the research project started. It should be noted that since I had a history as a MECH Group employee, which had included participation in the management conference at which Positive Impact was launched in 2005, it was possible to partly rely on some first-hand experiences from the time before the research project was started. However, material was not being collected systematically at the time. From September 2006 until 2009, the strategy formation process was followed in real time.

Johnson et al. (2007: p. 65) address three critical questions with regard to the capturing of the empirical material. These concern how to get access to material, how to actually collect it, and finally, how to manage the ethical issues involved in doing this kind of research. These questions will now be discussed.

Gaining access

It can be argued that studying the practice of strategy formation in a firm requires significant organizational access to activities and material that by definition are regarded as sensitive, for example, in terms of competitive advantage. Such access is normally not easily gained (Johnson et al., 2007). In this research project, however, there was excellent access to research material. This can be partly explained by the fact that the MECH Group showed a strong interest in and support for the research project, and partly by the fact that the empirical study took place in a firm in which I had worked for several years, and about which I already had a great deal of information. This previous experience clearly had some consequences for the study.

Prior to the research project, a certain level of trust already existed between the researcher (myself) and the object of study (the MECH Group). During the fieldwork, the respondents viewed me not only as a researcher but also as someone who could be trusted, regarded as a member of the team, as an insider, and so on. They seemed to feel confident that sensitive information would be treated carefully, and they disclosed material that would perhaps not have been revealed to another researcher. This was demonstrated a number of times throughout the research process. For example, after I had finished an interview with a senior manager, he brought up a PowerPoint presentation that showed many interesting details about the process that was being studied. I had not explicitly asked for any of that information, but the respondent felt that there were important aspects of that material that I needed to know about. At the same time, he said that the material was sensitive and that he trusted that I would treat it “with a certain amount of care”:

Well, maybe I shouldn't show you these slides, but I will do it anyhow; you are among the trusted ones, you know. After all, you are still a member of the MECH Group, so I think I should be totally open about these issues, and I think it is important to know these things to really understand the process and to get another perspective on the things we just discussed during the interview. But you must treat this information with a certain amount of care, ok!? ...And by the way, it would be interesting to hear what *you* think about this.

Another aspect of being viewed as an insider, which is also shown in the quotation above, was that the respondents often expected that I would provide some kind of feedback on the processes that were being studied. Most often, my response to such expectations was to simply explain that I wanted to study as natural situations as possible and that it was therefore preferable that I not engage in the actual work. This was mostly accepted, even though some of the informants seemed to think that it was unfortunate that I did not offer more advice about any potential changes to the processes that were being so carefully documented and analyzed by an “academic expert.”

The close proximity also gave rise to reflection about some potential risks of becoming too closely linked to the object of study. Johnson et al. (2007) discuss three such risks: risk of contamination, risk of going native, and risk of political alignment.

Throughout the research process I was aware of these risks and consciously tried to manage them in order to develop as trustworthy a thesis as possible. For example, as discussed above, I tried not to engage in any actual work

concerning the processes being studied; other researchers occasionally participated in capturing material; multiple materials about the same event were often collected; and respondents were repeatedly asked to validate the findings.

Collecting the material

The fact that the fieldwork took place in a setting about which I had prior knowledge was of course of great help in both planning and executing the study, for example, in terms of identifying informants, scheduling appointments, and finding documents.

Collection of empirical material began on the first day of the research project. The sources and collection methods evolved over time. A combination of observations, interviews, and documents was used. Most of the material was collected from September 2006 through the first half of 2009. A significant amount of time in the field was spent throughout the rest of 2009 and in 2010, but little new material for the thesis was collected during that period.

Table 2 summarizes the formal observations and interviews that were done. In addition to the formal observations, I participated in numerous day-to-day activities in my role as a member of the Corporate Sustainability department. I was thereby able to observe in detail many different aspects related to the strategy formation process that was being studied. I was involved in many informal talks in different settings, including, for example, three discussions with the CEO, multiple discussions with the Senior Vice President Corporate Sustainability and the other members of this department, and many conversations with the project managers and team members of the next generation and the E-line Alpha projects.

Table 2: Summary of the formal observations and interviews

Formal observations	<ul style="list-style-type: none"> • 5 Corporate Sustainability departmental meetings (2006-2009) • 4 strategy meetings regarding sustainability and Positive Impact (2006-2008) • 13 meetings related to the next generation and E-line projects (2007-2008) • 9 observations of other events, including a management conference (2007-2009) <p>Total: 31</p>
Formal interviews	<ul style="list-style-type: none"> • 12 interviews with senior management (2007-2008) • 18 interviews with representatives for key management processes (2008) • 29 interviews related to the next generation and E-line projects (2007-2009) • 8 interviews with others, such as Corporate Sustainability team members (2007-2009) <p>Total: 67</p>

Observations

The observation method was used with the idea of trying to be a “fly on the wall.” Since I already knew some of the respondents, this approach was often challenging. As discussed, I did my best to avoid any kind of interaction that could affect the processes being studied, and the research material was carefully recorded. This meant, for example, that I mostly stayed quiet and avoided engaging in any discussions during the events that were observed. I also preferred to locate myself in the room slightly apart from those being studied. For example, when observing meetings, I sat in the corner of the room if possible, or at least somewhere at the end of the meeting table.

This method was mostly used during meetings and discussions, such as steering committee meetings and project team meetings in the next generation and E-line projects and in the Corporate Sustainability departmental meetings. To some extent it was also used when observing daily work, and some semi-work or after-work activities, including social gatherings, such as dinners.

I recorded the material by writing field notes, attempting to capture as much detail as possible, including what was said, by whom, and in what context. When possible and appropriate, I used audio tape-recording. I transcribed the

field notes in Microsoft Word format as soon as possible. I did all of the collecting and transcribing of material myself.

Interviews

The interview method was chosen because it enables the production of rich accounts. This method also leaves room for further clarifications through follow-up questions, and it allows the researcher to validate the interpretations. However, there are also several issues and critiques of the interview method, including the risk of passivity in the interview situation, the possibility that respondents might reproduce cultural scripts or constructed narratives rather than delivering authentic experiences, and the risk of distortions in the social interactions (e.g. Silverman, 2001). I have been aware of these risks.

Interviews were initially used for three different reasons: as an opportunity to present and share information about the research project and about the different roles of the interviewer and the interviewee, as a way to create some social relations, and as an opportunity to collect material.

Later in the research process, interviews were used primarily to collect empirical material. This method was based on unstructured or semi-structured, open-ended, in-depth interviews. Some overall points of discussion were prepared in advance, but many questions, including completely new questions and follow-up inquiries, were developed during the actual interview.

I conducted some of the first interviews together with a senior researcher; all other interviews, I conducted myself. I tape-recorded all of the formal interviews, and took notes during informal discussions. I listened to each tape-recorded interview as soon as possible after the interviewing event. Out of the 67 formal interviews, I transcribed 40 word by word myself; the remaining 27 formal interviews I transcribed in part.

The interviewees were selected so that all the different parts of the field study would be covered. They represent a variety of nationalities, including Swedish, American, English, Scottish, German, and French. The following people were interviewed:

- All members of the Executive Team: the CEO, the CFO, and all the Business Division Presidents
- Other people from senior management, such as the Senior Vice President R&D, the Senior Vice President Supply Chain, the Senior Vice President HR, and the Senior Vice President Business Development
- The Senior Vice President Corporate Sustainability and all members of the Corporate Sustainability department

- People who were members of the strategy task force to develop Positive Impact (the Tiger Team)
- People in the next generation project and in the different E-line product development projects, including the E-line Alpha project; steering committee members, project managers, and project team members were included
- Multiple representatives for key business processes such as HR, supply chain, marketing, innovation, and finance

Documents

Documents were collected and analyzed partly as background information for the study and partly as research material. These documents included meeting notes, e-mails, PowerPoint presentations, Intranet pages, Internet pages, annual reports, and press releases.

More specific examples include e-mails sent to and from the Tiger Team during the development of Positive Impact; PowerPoint presentations and other documents originating from the Corporate Sustainability department; extensive documentation from the next generation and the E-line Alpha projects, including e-mails, notes from steering committee meetings and project meetings, PowerPoint presentations, and other project information that was stored in a project database system to which I had access; PowerPoint presentations from the 2005 and 2007 management conferences; results from a customer survey of 280 MECH Group customers conducted by an external consulting company; and results from a market study carried out by an internal consulting unit.

Ethical issues

In researching the actual practice of strategy formation at the MECH Group, I had access to a lot of sensitive material, from observations, interviews, and documents. Some material could be easily linked to specific individuals, and these people could be identified if the material were published. Other material, such as specific technical details in the product development process, could be sensitive in terms of competitiveness.

In doing the research, I tried to apply a way of working that did not take advantage of the fact that the informants would share more information with an insider than with an outsider. For example, the informants were always told about my role as a researcher. Occasionally, I felt that respondents revealed a lot of sensitive material in confidence to me as an insider and I continuously needed to consider whether certain information should be included as research

material or if it should be left out of this study. If there was any doubt, the respondents were asked to give permission to use certain material. Occasionally, I was explicitly asked not to publish some specific information.

I have been aware of, and have done my best to manage, the dilemma of presenting enough in-depth descriptions and details while at the same time protecting the respondents and the trade secrets of the firm.

3.4 Analyzing the material

As suggested by Pettigrew (1997), “most process studies are preoccupied with describing, analysing and explaining the what, why and how of some sequence of individual and collective action.” One important assumption is that the social reality is a dynamic process. The process analyst therefore has to study something that is in a state of occurring and becoming. Chronological case histories are important for the analysis, but they are only building blocks. The idea is to move from a case history to a case study (Pettigrew, 1997), and thereby to develop from descriptive material to analytical abstractions. In this work there is a search for patterns and underlying mechanisms to furthering the understanding of people and what they do in a specific context.

Johnson et al. (2007: p. 72) discuss the risk that the empirical approach of the strategy-as-practice perspective might “produce only local descriptive knowledge.” The tendency to get absorbed in the activity-level details was, in fact, experienced in this study, especially during the analysis of the multitude of practitioners and their doing in different kinds of activities. I hope I have managed the dilemma of, on the one hand, seeking to provide rich accounts about an actual practice, while, on the other hand, developing grounded concepts that have relevance beyond the case study itself.

So, how was the analysis in this thesis done? In the early stages of the research process, a lot of material was collected and transcribed. Since I was interested in the details, the amount of material soon became substantial. In order to sort the material and to prepare it for a systematic analysis, all observations and most of the interviews were transcribed into Microsoft Word files. Some initial intuitive analysis was sometimes done simply with pen and paper, but later it was decided to also use the Atlas.ti software to sort and analyze the data.

I began the analysis by producing a case history in which events and activities were described in chronological order. During this work, it was possible to get a holistic view of the process. At the same time, areas that needed to be further examined could be identified.

In parallel with this, there was a search for patterns, which was done by coding the material. Initially, I developed my own codes, which were grounded

in the empirical material, using a method called open coding (Sharmaz, 2006). Examples of typical codes included *CEO involvement*, *formulation of the strategy*, *implementation of the strategy*, *external ideas linked to the new strategy*, *engineering ways of doing things*, *top-down activities*, and *bottom-up activities*. Later, I started to do more specific coding (Sharmaz, 2006). Codes that were inspired by existing literature were introduced, such as *intended strategy*, *emergent strategy*, *realized strategy* (e.g. Mintzberg and Waters, 1985), and *practitioners*, *praxis*, *practices* (e.g. Whittington, 2006).

During this coding and analyzing, it was discovered that the existing concepts were not fully reflecting the patterns that could be identified in the empirical material. It was therefore seen to be necessary to develop new grounded concepts. The analysis of the material can thereby be seen as an iterative approach of moving back and forth between the empirical material, the literature, and the emerging theory (e.g. Glaser and Strauss, 1969). Theoretical propositions were not constructed prior to the study, but they were uncovered throughout the research process. For example, the concepts of *visionary*, *prescribed*, *unrecognized*, and *evaluative activities* were developed through combining the findings from the empirical material with the ideas found and not found in existing literature. The concept of evaluative activities was found to be particularly useful in explaining the dynamics of the strategy formation process. Further detailed grounded analyses of the practitioners and their doing therein were therefore done.

As discussed above, multiple methods of collecting material about the same events were used, that is, interviews, observation, and document analysis. In the analysis phase, it was possible to compare and complement these different materials.

Although it can be argued that inter-rater reliability checks could increase the reliability of qualitative research (Silverman, 2001), these were not much used in this study. Since I wanted to gain rich experiences over an extended period of time, it would make little sense to have someone else attempt to code the material without knowing enough about the context (Pratt, 2009).

3.5 Presenting the material

The empirical material is organized and presented in the following way. Chapter 4 describes some characteristics of the MECH Group. The focus is on aspects of the setting that are important background information for understanding the material that is presented in the subsequent chapters.

Chapter 5 presents a chronological account of the Positive Impact strategy formation process. The chapter is mainly built around some key events that

were explicitly or implicitly identified by the informants. Activity-level details from an extended period of time are provided.

In chapters 6 and 7, the level of abstraction will increase, and the material will be analyzed and discussed in more theoretical terms.

Thereby, I distinguish between the emic analysis in chapters 4 and 5 (the concepts of those being studied) and the etic analysis in chapters 6 and 7 (the researcher's concepts) (Silverman, 2001).

The text of this thesis is based on my interpretations of the empirical material, combined with the theorizing found in existing literature.

When presenting the material, the aim was to provide a trustworthy thesis illustrated with detailed descriptive accounts. The respondents were given several opportunities to review the descriptions (Yin, 1989). Extended extracts from the observations, interviews, and documents will be presented primarily in chapters 4 and 5. Furthermore, information on how the material was collected is provided in this chapter. Some figures and tables were constructed to summarize findings and to enhance readability. Language errors in the empirical material have been corrected. The thesis has been kept anonymous in order to protect the respondents.

3.6 Additional reflections

Another aspect of this study was the methodological challenge of developing the identity of a researcher. This can, in the classical research situation, be discussed as a process of developing from an outsider into an insider (relative to the object of analysis) and gaining good access to research material while remaining neutral. In such a process there is a risk of acclimatization, of going native, and losing important aspects and details of the process under study (Silverman, 2001). In my case, the process of developing an identity was rather the opposite, that is, it was about developing from an insider to an outsider (relative to the MECH Group). The challenge was therefore to gain perspective while maintaining the good access I had to research material. This was not easily managed in practice, as I will illustrate here.

Not only was it difficult for me to assume the role of the researcher, but it was also problematic for the respondents. The following example has been taken from an episode that occurred at the beginning of 2007, when I was studying a steering committee meeting of a product development project. I already knew some of the steering committee members from before, and I was attempting to assume the role of an observer (as opposed to that of a co-worker). It was explained that I was not going to participate in any discussions. Before the meeting officially started it was said that I was there only as an observer as part of a research project. It seemed to be well taken and the

meeting started. I moved my chair away from the conference table towards one of the walls in the room. The observation of the discussions went on fine. However, approximately one hour into the meeting the discussion started to become a bit tense. The subject was about marketing. It was known by some of the steering committee members that I had some experience in this matter. At one point during the discussions, one of them looked at me as if she wanted me to say something. There was no direct question, but it seemed to be implied that I should say something. It felt a bit uncomfortable, but I did not say anything. This situation was repeated and it felt even worse the second time. Then I was actually asked a direct question and there seemed to be no other option than to actually answer, so I said something. It was an intentionally vague answer because I did not want to risk becoming part of the process that was being studied. During the coffee break that followed, I was approached by the steering committee member who had tried to get me involved in the discussions.

- Respondent: Magnus, how are you?
- Magnus: I'm fine thanks, how are you?
- Respondent: I'm fine thanks. But you are so quiet today. Is something wrong?
- Magnus: No, I'm fine. But I have to stay quiet. It is an aspect of the research methodology.
- Respondent: Oh, I see; that explains things. Well, I am not used to seeing you like that, you know. I just wanted you to take part in the discussions and I thought that maybe you were not feeling alright, so...

I thought that it had been explained to her and to the others that I was participating in the meeting only as an observer, that I would therefore intentionally keep quiet, and that this was the right way to behave. However, this situation was so unusual that she had to actually check that everything was alright.

Similar situations occurred during other observation events early in the research process. It was clear that the informants initially viewed me as an insider. As discussed, this meant that I was granted access to a lot of research material. However, there were also expectations that I would take part in the activities. This turned into a delicate balancing act of, on the one hand, trying to

CHAPTER 3

make some contribution to the actual work, and on the other hand, avoiding interaction that could impact the processes being studied. For example, I occasionally participated in some more general discussions about sustainability issues.

As time went on, the respondents' view of my role changed and gradually it was more and more understood and accepted that I would attend meetings in the role of a researcher. They started to call me things like "the listener." The following illustration is an excerpt from some observation notes of a meeting in 2008:

Respondent: You can find your chair over there in the corner..." <joking, laughing>

Over time, I gradually felt more comfortable in assuming the role of a researcher.

A final reflection about this chapter will now be provided. As many others have reported, it should be noted that the idea of providing realistic descriptions is somewhat problematic, since fieldwork as such is a subjective process (e.g. Kunda, 1992). Even though I have done my best to present something that is realistic, it needs to be acknowledged that what in the end has been expressed as written text in this thesis is of course based on what I have been able to see and what I have chosen (consciously or unconsciously) to include and exclude.

Therefore, the idea was to provide some details that describe the actual research process, in addition to the standard information that one could expect, in this methods chapter.

At the same time, it should be said that this chapter is caught in the same dilemma, in that the ability to provide a realistic description of the fieldwork is naturally affected by the subjective view of the author. The ambition, however, was to be open and honest about both the study findings and the process of developing the findings. I hope to have produced a text in which that is apparent.

4 THE MECH GROUP

The aim of this chapter is to describe the empirical setting – the multinational firm called the MECH Group. Some background information will be provided. The overall structures and processes that are supposed to govern the work will be introduced.

The MECH Group is a well recognized international industrial company. It controls the design, development, manufacturing, sales, distribution, and after-market services for different components, subassemblies, and subsystems that are used in a variety of applications in many global industry sectors. The firm is seen to be successful in many respects; its high-precision mechanical products have set a quality standard in the industry; it is a market leader in many areas, in terms of both product performance and market share; it is profitable; it is recognized as a leading firm in terms of sustainability; and it is regarded as an attractive employer.

The founding of the MECH Group was based on the innovation of a new product that was successful in solving an existing problem for many customers. One of the key characteristics of this product was its ability to reduce energy consumption in the machinery on which it was used. Today, this product still constitutes the biggest share of the global sales volume. It is a high-tech mechanical component that is manufactured and sold worldwide, and it is being used in critical positions in many different industrial applications.

Additional products and services are developed and marketed based on different technological platforms, such as mechanical components, electro-mechanical systems, and maintenance solutions. Products and services are sold into many different customer segments, such as aerospace, electrical appliances, automotive, pulp and paper, railway, and energy.

In its first year in business, the firm employed fewer than 20 people. In the following year, the workforce was expanded and branch offices were opened in

several European countries. The business developed rapidly, and it quickly turned into a global organization with locations around the world. It is now represented in more than 100 countries; its headquarters have always remained in Sweden.

Some characteristics of the MECH Group will be introduced below. This will be important background information for understanding the empirical material in the next chapter. The following sections will present some of the structures and processes that govern much of the work, followed by a review of the sustainability work and, finally, an introduction to the typical ways of doing things, which have been described as an “engineering culture.”

4.1 Structures and processes

Organization of senior management

The MECH Group has been organized in different ways throughout the company's history. For example, it has been organized according to geographical, product, and customer considerations. The current organizational structure, primarily based on a customer focus, comprises four Business Divisions: Automotive Parts, Electrical Solutions, Industrial Technologies, and Global Services. Each Business Division is managed by a Division President. Together with the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), they form the members of the Executive Team.

The corporate staff functions include Finance, R&D, Communication, Legal, Business Development, Supply Chain, and HR (see Figure 5). Each of these is managed by a Senior Vice President. Together with the members of the Executive Team, they are the representatives of the Group Management Team. They are usually referred to as senior management.

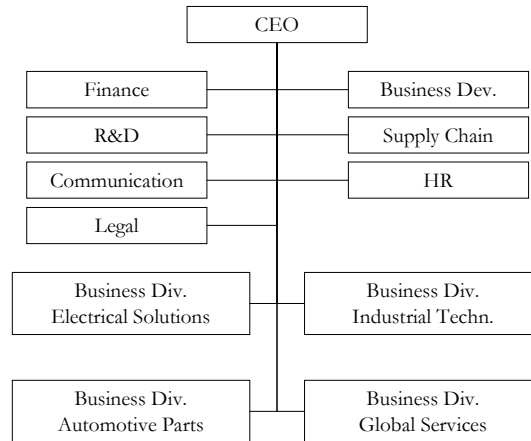


Figure 5: Organization of senior management

During the last couple of years increasing emphasis has been placed on common business processes. These are found in work areas such as innovation management, people management, and customer management. It is observed that, while the firm operates with many different customer groups through the Business Divisions, “it is of critical importance that these processes are common throughout the MECH Group.” Key processes, many of them “cross-Divisional” – which means that the processes are used in more than one of the Business Divisions – have been defined at an overall firm level. This means that standardized process maps and procedures have been developed to “align the work” throughout the global organization.

In addition to the formal organization, which is presented in many different charts that are available through the Intranet and are included in various internal PowerPoint presentations, there are often committees or boards organized for certain projects or activities. These set-ups are especially common for the types of initiatives that have multiple stakeholders across the formal organizational borders. Such temporary governance structures normally consist of people representing different parts of the formal organization. The purpose is partly to coordinate the work and partly to broaden the commitment. Most are short-lived organizations, set up for the duration of a project, for example, but others are longer-term arrangements, such as those created to govern the implementation of a new strategy over a longer period of time.

The extent of the actual authority and responsibility these structures have is often unclear. Their existence is sometimes questioned – by senior management, by the organization members themselves, and by the people who are running the projects or activities that the committees and boards are

supposed to govern. They have been referred to as “forums for discussion rather than for decision making.”

Project management

In the MECH Group, a project is defined as a temporary structure that is created to deliver value according to an agreed *business case*. Multiple projects are run simultaneously in various areas of the firm. They are governed by a common set of guidelines, called the project management directives (PMD). These are found on the firm’s Intranet and include principles, processes, role descriptions, checklists, and templates.

Some of the key principles state the following about projects: they must have verifiable business justification; they must seek and use previous experiences; and they must have defined and agreed roles and responsibilities.

A number of processes in project management are defined. They include guidelines about the following phases: initiating a project, starting it up, directing the project, controlling it, and closing it.

Extended information is provided about the organization of projects and the different roles people can assume. These roles include team member, project manager, sponsor, and business gate committee member (see Figure 6).

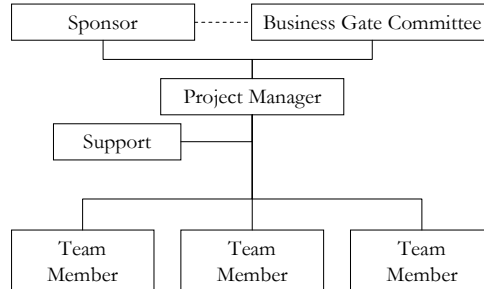


Figure 6: Organization of projects

The sponsor is ultimately responsible for the project and often acts as a link between the project manager and the senior stakeholders outside the project organization. This person is normally a member of the business gate committee, which in turn acts as the decision-making authority. A great deal of responsibility is often delegated to the project manager and the project team.

The checklists and templates in the PMD provide a lot of practical advice and tools. The *charter* is an important template that is supposed to be used to define a project and its business case.

Research and development

Research and development (R&D) activities are run in two central units: the product R&D center in the UK and the process R&D center at the headquarters in Sweden. The directors of these units both report to the Senior Vice President R&D.

While the product R&D center focuses on technologies that in the long term could become new products, the actual product development projects that have a shorter-term focus are run in the Product Development Centers (PDCs). These are not formally part of the R&D organization, however. Instead, they are located within the reporting structures of the Business Divisions. Figure 7 exemplifies the four PDCs organizationally located under the product development and marketing organization in the Industrial Technologies Business Division. Other PDCs are located in the other Business Divisions.

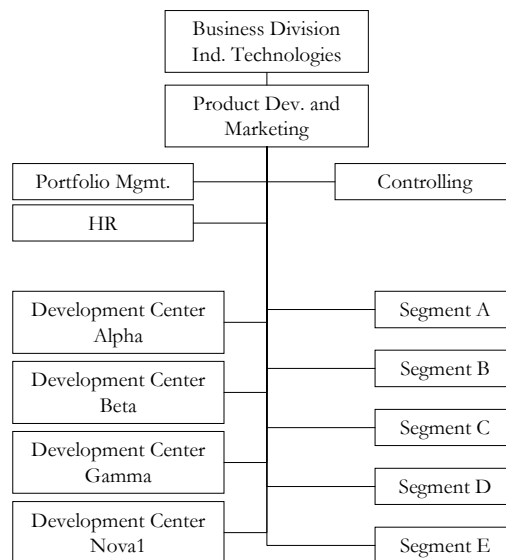


Figure 7: Organization of product development and marketing in the Industrial Technologies Business Division

The scope of the R&D activities also includes the development of standards and guidelines for the key business processes. Two such standards are the New Offer Process (NOP) and the Product Development Process (PDP).

According to the definitions published on the firm's Intranet, the NOP is a "structure to develop and launch a new offer" to customers. It requires a description of the benefits that the customers will receive from the new offer

and it “explains why the customer should buy this specific offer.” The process is outlined in Figure 8.

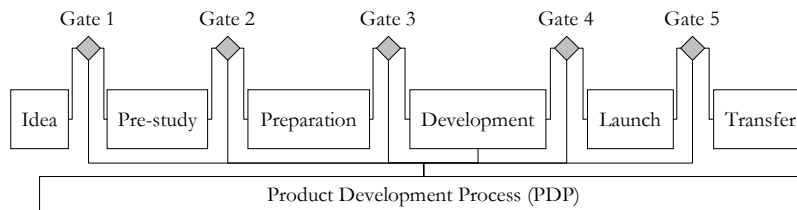


Figure 8: The New Offer Process (NOP)

One integral function of the NOP is to develop the business case, which is seen as “the basis for management decisions.” It includes descriptions of, for example, the offer, its market potential, customers’ needs, competing solutions, and a plan for the market launch. The NOP outlines a step-by-step process, from the evaluation of an idea to the launch of a new offer. In between these steps there are business gate meetings, where a temporary group called the business gate committee is supposed to make a decision about continuing or stopping the project. Whether or not the committee actually functions like this is under debate. Some people argue that, in reality, “the business gates do not take decisions, they only discuss things and say this and that...” In any event, it is intended that their work should be based on decision support material, which should include a number of predefined checklists and evaluation forms. It is the responsibility of the project manager to prepare such material in advance of each business gate meeting.

As indicated in Figure 8, the PDP is strongly linked to the NOP. In fact, the PDP needs to be completed as part of the NOP. It includes a feasibility study for a new technology, which should be performed in the early phase of the NOP, and a product design and verification study, which should be performed in a later phase. While NOP includes the full business scope of the new offer, the PDP focuses on the technology aspects of new products.

These processes therefore imply a way of working in which a new product is only developed as part of a new offer. In other words, a business case is needed in order to develop a new product.

Strategic planning

As was described in the prologue, when Positive Impact was launched in 2005 the MECH Group suddenly had a new strategy. In fact, in this firm, strategy is often described as something that the organization *has*. It is commonly

associated with PowerPoint presentations that outline some long-term goals of the firm along with the recommended approach to fulfill these goals. However, the actual strategy content, which is either communicated verbally or through words and images, is normally debated, and there are often several different ideas in parallel about what a certain strategy actually means in terms of the day-to-day work.

Strategy is also commonly associated with the MECH Group’s strategic planning process. This outlines the necessary steps involved to formulate and implement the strategic plan. Here, strategy is something that the firm *does*. It is mostly assumed that the responsibility for this resides with the people in managerial positions. It is seen as a special craft that involves the mastering of complex strategy practices, such as organizational capability assessments, competitive positioning schemes, SWOT analyses, and vision statements.

In other situations the word “strategy” is used ironically to describe a material product that is “put on the shelf,” having little or no relevance for the day-to-day work throughout the organization.

The official strategic planning process of the MECH Group is governed by the Business Development department. The process is outlined in Figure 9.

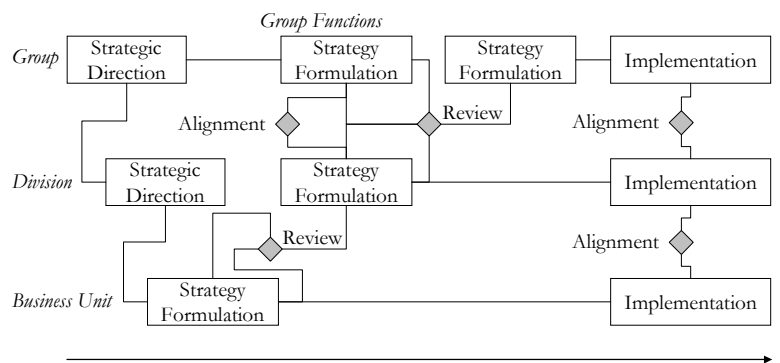


Figure 9: The strategic planning process

It includes a top-down approach with the setting of a strategic direction and overall objectives by the senior management team. These are forwarded to the management teams of the Business Divisions, who in turn present their strategic direction and overall objectives to the different Business Units. The strategic planning process also subsequently includes a bottom-up approach of formulating specific strategies and activities within each Business Unit in order to challenge the predefined strategic direction and overall objectives. These are presented back to the management teams of each Business Division, who then

make an aggregation and formulate a Division strategy, which is presented back to senior management. This formal process includes a number of PowerPoint templates, spreadsheets, and checklists that are intended to direct and support the various strategic plans developed throughout the organization.

The strategy formulation is supposed to be followed by an implementation process. Different types of scorecards are used to measure the progress against predefined targets and activities.

4.2 History of environmental and social concern

For a long time the MECH Group has demonstrated its concern about environmental and social issues. Throughout history, these issues have been taken seriously. Even though many projects and activities were run in these areas in the past, it is only recently that they have begun to be considered in terms of sustainability. There were both ethical concerns and business motives for caring about these issues, as one of the members of the senior management expressed it:

I don't know when we started to use the term "sustainability"... It is my feeling that in the MECH Group we have always taken these issues seriously. There have been programs to improve the factories, and we have taken into account anything from what has happened in the society, and what has been known about it. And I think that we have probably always done as much as one could reasonably be expected to do. I don't mean exactly everything, but as an attitude, as a principle, I think that we have tried to do that. I think that there has always been that kind of values in the MECH Group, both from what you could call a general sense of concern and also, of course, the knowledge that in the end it will cost more money to release bad stuff than to deal with it from the beginning. All that taken together, I think, has prompted the MECH Group to develop this type of attitude over many, many years. This has been accentuated in recent years.

The first environmental policy was issued in 1989. From 1995 to 2005 the focus was on environmental and health and safety issues in the manufacturing operations globally. At that time, sustainability issues were centrally overseen by the Environmental Affairs department. A lot of effort was spent on implementing and controlling standardized management systems.

The firm received a worldwide ISO 14001 certification in 1998. Today, it is often described as a leading industrial corporation in terms of sustainability, and on several occasions it has received external recognition, such as inclusion in the Dow Jones Sustainability Indexes and in the FTSE4Good index series.

4.3 *An engineering firm*

The MECH Group is often referred to as “a typical engineering firm”: it employs many engineers in different organizational functions; the products and services are mostly mechanical or electromechanical inventions that require engineering expertise to design, develop, manufacture, sell, and service; many of the firm’s customers and suppliers are engineering companies; and the culture of the organization is often described as an “engineering culture.”

To make jokes about the engineers and their ways of doing things is generally accepted and appreciated. An example of this was the explanation as to why the headquarters building is often referred to as the “yellow building.” It turned out that this was simply because the color of the building is yellow, as the following dialogue with a non-engineering manager will illustrate:

Magnus: Why is the headquarters building called the yellow building?

Respondent: It is because the building is yellow. It is nothing more special than that. You know, the engineers think like that; the building is yellow and therefore it is called the yellow building.

Aspects such as an “obsession” with formal processes, procedures, and guidelines and the frequent use of quantitative methods and measures, for example, in decision-making processes, are often brought forward to describe how the engineers behave. A senior manager once described this engineering culture as one in which “if you can’t measure it, it doesn’t exist.” Another aspect is the belief that decisions should be taken based on rationality. This, for example, implies that in order to decide about the next step in a project, the right decision support material needs to be in place, with checklists, quantitative evaluations, input-output analyses, and so on. The engineers are often seen as difficult to convince; they do things based on facts; they want to be precise; and they use a step-by-step approach. As the CEO described it:

The engineers, they want everything defined before they start. So, engineers in one way are very difficult to convince, because they don’t do things with their stomach and their hearts, they do things based on facts. However, once you convince them... /.../ I think the culture in an engineering company is very precise; everything has got to be precise, everything has got to be step by step.

CHAPTER 4

The engineering ways of doing things favors what has been described as a “command and control” management style, at least as long as the decisions by senior management seem to be rational. At the same time, the firm’s Swedish origins and its corresponding “typical Swedish ways of doing things” instead support and drive a management style that includes negotiation and consensus building.

These conflicting styles often result in complicated decision processes. This occasionally creates frustration among the employees in this large international organization, as one American engineering manager expressed it:

Now, partly as an American I’m a little more used to command and control type management organizations, but I also know it’s quite an efficient way for an organization to move faster, to change directions faster, and as we are not necessarily used to command and control, we have to discuss it a bit, it seems, within the MECH Group. /.../ They (the project team members) do need to have discussions around it (a decision), because they’re not used to this command and control.

Since the firm was founded and throughout its history, innovation has been described as one very important factor for the firm’s competitiveness. It is currently presented as one of the corporate drivers, both internally, for example, in management training programs, and externally, in different corporate communication campaigns. Innovative solutions to real problems experienced by the customers are at the core of new business strategies.

5 THE POSITIVE IMPACT STORY

The aim of this chapter is to describe how the new strategy called Positive Impact formed in the MECH Group. This story will open the black box of two important phenomena: the practice of strategy formation in general, and the practice of the greening of business in particular. Detailed accounts from events and activities during the period 2004-2009 will be presented.

The story that will now be told spans a five-year period. The terms and concepts provided by the informants will be used to uncover their actual practice. This chapter suffers from a dilemma, which is the need to report activity-level details of a multi-year process while keeping the number of pages at an acceptable level. The objective was to prepare a rich and comprehensive story; it should be noted, though, that a substantial amount of material will be presented. In order to enhance the readability, Figure 10 was constructed, outlining the approximate timing of the various events. The numbering and wording used in the figure corresponds with the subheadings below. The chapter will end with a summary and reflections.

As indicated in Figure 10, the sequence of events in the formation of Positive Impact was connected to yet another process: the development of the E-line products. These processes initially ran in parallel, but they gradually became more and more interrelated.

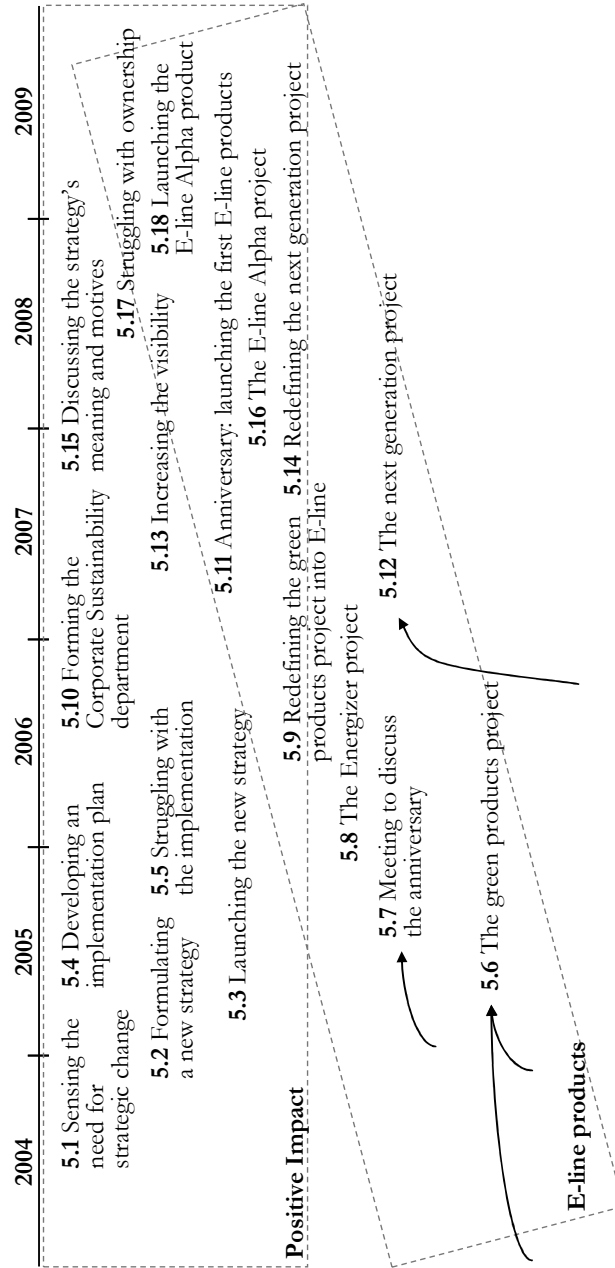


Figure 10: Sequence of events in the formation of the new Positive Impact strategy and the development of the E-line products

5.1 Sensing the need for strategic change

In 2004, the CEO of the MECH Group participated in a meeting with people from the business sector and academia. The meeting was organized at a university in Sweden. One of the topics on the agenda concerned the issue of increasing carbon dioxide emissions and the resulting impact in terms of global warming. A professor from the university presented a series of PowerPoint slides that showed a relationship between the concentration of carbon dioxide in the atmosphere and the average temperature on the planet. It also showed that the average global temperature during the last 100 years had been increasing.

A link was then established between global warming and increased energy consumption. The principle was the following: the demand for energy in different societal sectors was expected to increase, which would require an increase in global energy production. In turn, this would cause increased combustion of fossil fuels, and thereby the carbon dioxide emissions would increase. Finally, this could be linked to global warming.

This meeting was a trigger for the CEO to start thinking about whether, and if so how, the MECH Group could “do something fundamental for the environment.” The firm had in recent years shown both strong financial results and a strong sustainability performance. However, the CEO felt that the existing environmental targets, which focused on reducing carbon dioxide emissions by only a couple of percent per year, were not enough. More needed to be done, as he described it:

What triggered Positive Impact for me was a presentation I went to. /.../ There was a big meeting at the university and many businesspeople were there. /.../ Then I came back and looked at what we’re doing at the MECH Group, and we had a target to reduce carbon dioxide emissions. And I sat with our guys there at the table and I said, “That can’t be right; if you look at all the statistics, it’s impossible. We have to do something different here.” /.../ So, it came out of a..., a need..., more like a recognition that, hey, we have to do something fundamental for the environment.

It was a well known fact that the MECH Group operations consumed quite a lot of energy, especially in the factories where the various products were produced. Many of the products were primarily based on steel material that

required energy-intensive manufacturing processes such as heat treatment and metal cutting.

A reduction in energy consumption would make sense from the perspectives of both business and the natural environment. The operating costs could potentially be reduced, while at the same time it would be possible to combat the increasing emissions of carbon dioxide and the resulting global warming effect.

Another aspect in the initiation of the new strategy concerned the MECH Group's main products. One of their performance characteristics was the potential to reduce energy consumption in the different machinery on which they were used. This was a built-in feature and there were opportunities to use this more explicitly in marketing. There had recently been a launch of the new Expo family of products that, among other things, also further enhanced the energy consumption performance. There were currently discussions about undertaking further product development efforts, focusing more on reducing the energy consumption of both actual products and the technological systems in which they were applied.

A third factor that inspired the CEO was the fact that other companies were actively bringing environmental issues into their own business strategies. So far, the most active firms were found in other industries. None of the MECH Group's direct competitors had yet shown any strong initiatives of this kind.

One source of inspiration came from the Toyota Corporation, which was working with a zero-emissions target. During a business trip, the CEO had read an article about their work and he thought that this was an interesting target and something that the MECH Group should also consider.

I just came back from a trip, and in a magazine I saw the picture of zero emissions, because that was Toyota's target – aim for zero emissions – and I said, “We should have done that!”...

The CEO had sensed the need for strategic change. From the very beginning it was clear that this effort somehow would need to include improvements of the internal manufacturing operations. Moreover, there were opportunities to develop value for the customers, for example, by providing products and services that could reduce the energy consumption of the applications where they were used. In order to take a leadership position in the industry, the firm needed to act soon. How to develop these ideas into a business strategy remained an open question.

5.2 Formulating a new strategy

In a discussion between the CEO, the Senior Vice President HR, and the manager of the Environmental Affairs department, it was decided to create a project team to develop a new “environmental vision” for the MECH Group.

The CEO had previously experienced the usefulness of creating such a task force to work on strategic challenges. In fact, the year before, there had been two project teams working on another strategic assignment for one of the Business Divisions. One of them had been called the Lion Team, and it was made up of senior managers. The other group, called the Tiger Team, included young employees. Apparently the approach of having a team of young people working on a strategic challenge had been successful, and a new task force was now to be put to work. As the CEO described it:

So we put a project team together to work on it, and what I said to this team was, “We need to make a fundamental difference from an environmental viewpoint; we need to significantly reduce our energy consumption, and it needs to be reduced for our customers. I don’t know what to do or how to do it.” So we sat with a small team... It was the Tiger Team.

In January 2005 the new Tiger Team was formed. It consisted of nine members in addition to the manager of the Environmental Affairs department. They were selected from different areas of the firm in order to form a “diverse and visionary team”; most of the team members were around 30 to 35 years old. The group was diverse in terms of both work experience and country of origin, and they were all located in places that made it possible for the team to quickly assemble. As one team member described it:

They identified a group of individuals who were somewhat, well, eager and hungry... and who were not disillusioned after having worked like 30 to 40 years for the company. Most of us were around my age or younger, maybe 30 to 35 years old. /.../ People were deliberately selected from different places in the organization.

Since the firm was represented in many countries, and since there were always non-Swedish employees working in Sweden in different international assignments, it was possible to form the Tiger Team with members representing countries such as India, Malaysia, China, Sweden, Germany, Australia, and the US.

CHAPTER 5

The Tiger Team had its first meeting at the end of January 2005. The objective was “to develop a vision of the MECH Group as a green company,” a vision that was to be presented by the CEO to a couple of hundred MECH Group managers at the upcoming management conference that was planned for March 2005. The invitation to the first meeting that was sent by the manager of the Environmental Affairs department to the Tiger Team members indicated that they had been selected to work on an important task that involved the CEO directly. They were asked to “come with an open and creative mind, a mind that thinks out of the box of the current situation.”

Dear Tiger Team,

I am delighted to invite you to the Tiger Team workshop to develop an environmental vision of the MECH Group. You have been selected for this diverse and visionary team.

Background: Our CEO envisioned the MECH Group to be seen as a green company where we run our business operation in a truly sustainable way and leave a signature as such. Our Senior Vice President HR and the manager of the Environmental Affairs department had the idea of getting a Tiger Team together, which will develop a vision of a green MECH Group and a way for the MECH Group to evolve into an environmentally friendly company.

Objective: To develop a vision of the MECH Group as a green company together with concrete proposals on projects to initiate at the management meeting in March.

Method:

1. brainstorming and concept workshop
2. prepare presentation for the management conference
3. presentation at management conference by CEO

Mindset: Come with an open and creative mind, a mind that thinks out of the box of the current situation. /.../

At this first meeting there were discussions about what sustainability was in general and what it meant to the MECH Group in particular. The team members had little previous knowledge about this subject, but they were eager to work on this new strategic challenge. In their discussions, for example, they used brainstorming to explore new ideas for defining the overall strategic direction, formulating targets, identifying steps the firm could take to develop towards the targets, and so on.

They also discussed what other firms were doing with regard to sustainability. The CEO spent a whole morning with the Tiger Team. One of the clues he gave was the newspaper ad from the *Financial Times* magazine that included a statement from the Toyota Corporation about their zero-emissions target. This was the same piece of information that had inspired him a while ago.

The following discussions evolved around an idea of moving away from the existing approach, which seeks to minimize negative environmental impact towards a target of zero, and instead adopt an approach that does not stop at zero, but actually seeks to move beyond it – to have an overall positive impact. It was at this first meeting that the term “Positive Impact” was developed. This idea was shared with the CEO and he discussed how, together, they would “evolve it into a strategy.”

That was the team that came up with the phrase “Positive Impact.” The actual phrase came from the Tiger Team. And then I met them and went through what they had worked out, and from that we were able to evolve it into a strategy.

A couple of days after the first meeting, one of the members in the Tiger Team who was acting as a coordinator sent an e-mail to the others acknowledging their good work and suggesting that their work might continue. The results from the first meeting had by then been provided to the Senior Vice President HR, who was supposed to make a presentation to the senior management team.

Dear Tiger Team,

Thanks to all of you for your contribution and passion for creating a sustainable MECH Group. I really liked the spirit that we had and I am proud; we achieved quite a lot in these 2 days.

Today our Senior Vice President HR will present our slogan in the senior management meeting. Let’s see what happens.

I will write a summary of our work next week and invite you to add your thoughts when I send it to you. I feel our work might continue.

We worked 2 days for 2 words: **Positive Impact.** /.../

In addition to the two words “Positive Impact,” the team also developed a presentation file that defined in greater detail what this new strategy was aiming at. The idea was to move from the current focus, “to reduce negative impacts

towards zero,” to a new focus, “to reduce negative impacts within the MECH Group as well as outside and increase positive impacts, so that the balance is positive – Positive Impact.” The intention was that the new strategy would embrace all aspects of sustainability and that it would drive actions and decisions towards a sustainable development of the firm and the global society. It was sometimes expressed as “a vision,” “a concept,” and “an initiative” to guide such a change effort.

The Tiger Team wanted to include some specific examples of what Positive Impact would mean in practice. Examples of both reducing negative impacts such as by using renewable energy and reducing energy consumption, and increasing positive impacts such as by adopting rainforests and green parks in local communities, were provided. The scope included both environmental and social impacts. However, no exact definitions of these impacts were provided. It was clear, though, that the environmental impacts were not limited to energy consumption, carbon dioxide emissions, and global warming, but they also included other environmental issues such as acidification, eutrophication, toxicity, air quality, fresh-water supply, and biodiversity. Similarly, the social impacts included a number of issues such as human rights, workers’ rights, and work ethics.

They also made preparations for producing a video in which the team members expressed their ideas about the new strategy. It was proposed that the video would be shown at the upcoming management conference in March 2005.

About 10 days after the first meeting, the Senior Vice President HR got back to the team with an e-mail saying that the results they had delivered were excellent and that Positive Impact represented “exactly the out-of-the-box thinking that you hope for when putting a Tiger Team together.” The material had been presented to senior management, who were very interested in hearing more about this new strategy.

One aspect that was brought forward with Positive Impact was the link between, on the one hand, the environmental and social issues in the global society and, on the other hand, the business performance. The idea was to formulate the new strategy so that the employees would feel that it made sense for both ethical and business reasons.

The business focus in the firm was seen to be strong. People had for years learned to give highest priority to short-term financial results. Therefore, the new strategy needed to benefit both the natural environment and the economic development of the firm. To create this link and to make Positive Impact “sound for both the environment and business” was an important

consideration in the initial thoughts of the CEO. He described it as an essential aspect of “making it fly” internally.

I was very conscious about the fact that you can only..., the way to sell it is to make it a business proposition. If you cannot make it a business proposition, you can only tug people’s heartstrings so much, but there are so many pressures on senior managers and CEOs to deliver quarter-by-quarter results, etcetera. If you do not make it into something that not only makes good environmental sense but also makes good business sense, then it’s not something that is going to fly internally within the MECH Group, or externally. Because internally within the MECH Group people would say, “It is wonderful, but at the end of the day you still chase me every month, John (CEO), for my operating profit and my result there, and my bonus is measured on that.” So it has to make business sense, and that was a twist we put on Positive Impact from the project group, to say that we have to make it sound for both the environment and business.

The CEO himself was convinced that Positive Impact made business sense and that it would become one of the core strategies of the firm. He described it like this:

This strategy would help differentiate the MECH Group. It would help give the MECH Group a position as not only a leading engineering company but also a company that can actually fundamentally help and take a leading position from a sustainability viewpoint, especially from the environmental viewpoint.

The challenge was to convince the rest of the employees that this strategy actually made business sense. The launch of the new strategy at the upcoming management conference was coming closer.

5.3 Launching the new strategy

As described in the prologue to this thesis, Positive Impact was officially launched by the CEO at the MECH Group management conference in March 2005. This event was attended by a couple of hundred managers representing different parts of the global organization.

The CEO described the external challenges for the future. These included the rising global emissions of carbon dioxide and the global warming associated with that. One slide in the PowerPoint presentation was titled “Special Focus.” It had the word “Sustainability” on it.

The new strategy was then presented. One of the essential aspects of Positive Impact was that the MECH Group should develop beyond the traditional focus of reducing negative impacts into also increasing positive impacts. This was shown graphically in a bar chart on a PowerPoint slide. There was a red negative bar that should decrease and a green positive bar that should increase. The sum of the two bars would result in a green positive bar (see Figure 11).

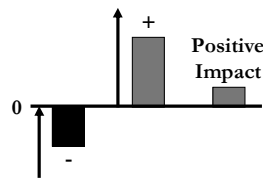


Figure 11: Graphic illustration of Positive Impact

In addition to the bar chart some examples of what the new strategy would mean in practice were provided. These included ideas for reducing the negative impacts from the firm's operations, such as a target to reduce carbon dioxide emissions by 5% annually, irrespective of the production volumes; activities to reduce energy consumption; a target to reach zero accidents; and activities to increase recycling and reduce waste. They also included ideas for increasing the positive impacts on the natural environment and the society, such as developing health and fitness programs for the employees, running corporate social responsibility projects in local communities, and developing new innovative products and businesses that would provide customers with improved environmental performance. The idea of developing energy-efficient products and services was presented as an especially important business opportunity. The video that had been prepared by the Tiger Team members was shown at the conference.

Most of the managers were taken by surprise. Very few people had heard anything about this in advance of the actual launch. The formulation of the strategy had been running separately from the official strategic planning process.

It should be remembered that there were many different views and discussions among the managers participating at the launch. One type of comment was about how Positive Impact would relate to existing targets and strategies, expressing concerns that there were already enough strategic targets on the management agenda. Another type of comment related to what the new strategy would actually mean in practice for the MECH Group operations, and

the managers discussed whether it was even possible to run factories in a way that would in the end be positive for the natural environment. A third type of comment was about the positive side of working for a company that cared about the future of the planet. It was discussed as a motivating factor for the employees to work for a company that actually cared about things other than short-term profits. A fourth type of comment, raised by many people, was about whether, and if so how, this new strategy would make business sense. There were different views about this. Some people claimed that there were already “green” businesses being developed, others said that the existing market demand was low but that it would probably soon increase, and still others strongly questioned whether this was any kind of business opportunity at all.

5.4 Developing an implementation plan

At the end of March 2005, right after the management conference, the Tiger Team members learned that their material, including both the PowerPoint presentation file and the video, had been shown by the CEO at the conference. They understood that he had emphasized the importance of Positive Impact for the MECH Group in the future from the perspectives of both the business and the natural environment.

After the launch the new strategy was communicated down through the hierarchical levels through a cascading procedure. A large number of people from middle management and corporate staff functions were invited to Divisional conferences that were organized in each Business Division during the first half of 2005. Much of the content from the management conference were then presented, including the material about Positive Impact. Copies of the PowerPoint presentations from the management conference were used in the Divisional conferences, making it possible to present the same strategic information to all employees. Further communication within the different business units of the Business Divisions was promoted. However, it often seemed difficult reaching out to all the people at various levels in the firm.

It soon turned out that not much was actually happening with regard to the new strategy. There were many discussions about what it was supposed to mean, but not many activities were started to support and drive it. The CEO confirmed that most people did not understand Positive Impact when it was launched, and that a lot of time was spent talking about it.

When we launched Positive Impact internally most people didn't understand it, what we wanted to do, to be quite honest. And we spent a lot of time talking about it...

The Tiger Team members were asked to meet again for a second workshop at the end of April 2005. The objective was “to align Positive Impact ideas with the direction of senior management, to draft a Positive Impact awareness program, to define concrete projects for the implementation of the Positive Impact concept, and to define next steps and responsibilities.” Both the CEO and the Senior Vice President HR attended the workshop. In addition, with the aim of getting some “external inspiration input,” a couple of external organizations were invited to present their ideas. They brought several PowerPoint presentations, which included information about the current global sustainability challenges. These involved environmental issues such as global warming, deforestation, water scarcity, and toxic materials, and social issues such as widening gaps between the rich and poor, and increasing world population. The growing demand for energy and its link to the increasing emissions of carbon dioxide and global warming were discussed in detail, using several graphs and tables. The presentations also included the idea of changing the view of the boundaries between the firm and the natural environment from the traditional view that sees the natural environment as an “externality” to the firm into a new view that sees the natural environment and the firm as part of the same global system. The current view was described as being “...like the hand seeing itself separated from the rest of its body.”

Employees had been asking for more information that could explain what the new strategy was supposed to mean in practice and how it related to existing strategies and targets. The results from the second workshop were summarized in a PowerPoint presentation file that included eight chapters outlining a rich implementation plan for the new strategy. This was partly meant to provide answers to such questions. The first chapter included a background to Positive Impact, highlighting environmental issues such as carbon dioxide emissions and global warming, and social issues such as the growing world population and inequalities among the world’s people.

The second chapter presented a definition of Positive Impact, describing it with words such as “concept” and “target.” It was defined to include both social and environmental impacts.

The third chapter presented an overview of the implementation plan. A process was shown that visualized the main activities in different phases from idea, concept, preparation, rollout, realization, and follow-up.

The fourth chapter included a review of the six Tiger Team projects that had been proposed.

The fifth chapter presented some recommendations for additional projects, for the MECH Group globally, for individual countries, and for business units.

The sixth chapter included some ideas for how to measure the progress of the implementation, and presented “metrics to be integrated in Group, Divisional, and Business Unit scorecards.”

The seventh chapter presented the proposed time plan. This was, in principle, similar to chapter 3, but with the addition of the time scale.

The final chapter presented ideas for the organization and funding of resources in the Tiger Team and of additional initiatives that were proposed to be run as part of the implementation process.

Soon after the second Tiger Team workshop was held, one of the project team members summarized some concerns regarding the implementation of the new strategy. She forwarded this information in an e-mail to the team members with a copy to the CEO and the Senior Vice President HR. She indicated that managers and other employees were having problems understanding what Positive Impact was all about, and that, although people were generally aware of the new strategy, very few could explain what it was supposed to mean in practice.

Dear all,

We are currently having some challenges concerning our implementation of Positive Impact, and they are very critical. In my opinion, these challenges are positive, but we must act now. If we choose to underestimate the challenges today, or even to overlook them, it will impede the effectiveness of our Positive Impact implementation.

Today, managers and subordinates do not understand what Positive Impact is. They are aware of the new additional Group target, but very few people can actually explain what it incorporates. /.../ The term “Positive Impact” is so unique that it certainly creates curiosity but also confusion. /.../

In line with the proposals developed by the Tiger Team in their second workshop, it was suggested that an official definition of Positive Impact be prepared, along with some further explanation of the “what, why, how, who, and when” issues with regard to its implementation. Some specific ideas for a general awareness communication campaign were presented. These included potential activities and budgets to develop the Intranet, newsletters, brochures, and other presentation materials.

In July 2005 the Tiger Team members learned that their implementation plan had been presented to senior management, and that most of the proposed projects had been approved.

They were asked by the manager of the Environmental Affairs department to devote further time to “help to push Positive Impact throughout the Group.” It was said that the projects should not disrupt normal job duties, and it was foreseen that the team would need to spend no more than half a day per week on these projects until the end of 2005.

5.5 Struggling with the implementation

The Tiger Team planned to hold a third workshop by mid-September 2005 to discuss the implementation plan and to organize the work with the approved projects, but this workshop never took place. A couple of the projects, such as a training program for all employees to raise the awareness of the sustainability issues and to explain the intentions of Positive Impact, were started, however, and continued to run for a long time. At the same time, some other projects were either started but not followed through, or not started at all. There were not enough dedicated resources to realize the implementation plan.

Eventually, the Tiger Team lost momentum. One major reason for this was that the team members could not get approval from their immediate managers to continue working on Positive Impact in addition to their normal jobs. These middle managers did not see how this work would support the day-to-day business agenda. Other pressing activities were higher up on their list of priorities. This can be illustrated by the following e-mail dialogue between two of the Tiger Team members:

Person A: I suggest that we postpone... /.../ until we know that this project has been officially accepted and approved by management.

Person B: I agree. I still do not have my local management's agreement. This project has nothing to do with my daily activities, and we lack resources. I get the same sense from others in the Tiger Team.

The material developed by the Tiger Team was somewhat further talked about by senior management. One point of discussion concerned how to follow the progress of the new strategy. It was agreed that this somehow needed to be measured. Eventually, key performance indicators could be defined for the corporate scorecard. This was the normal way to treat strategy. Realizing that it would be close to impossible to quantify the social impacts, senior management therefore decided to change the scope of the new strategy to include only the environmental impacts and exclude social impacts. This was seen as a big

change from the original intentions developed in the Tiger Team workshops, as one team member expressed:

It was not meant to have a quantitative value in that concept. I think it was important to include the social impacts. If we had not been so keen on measuring it, then probably the social impacts would still be in there.

The quantification of the impacts was not part of the intention, but many people understood the red and green bars that were used in the presentation of Positive Impact in terms of real measures. They interpreted the bar chart as the result of a calculation tool. This meant that both the negative and positive impacts needed to be clearly defined and measured in comparable units so that a net result could be established as the sum of all the impacts. The fact that many other things within the MECH Group were often being quantified was seen as an aspect of the corporate culture, and this was discussed as an explanation of why the new strategy now seemed to turn into a calculation exercise. One of the Tiger Team members described this:

I think it's probably, maybe one aspect that the Positive Impact... When you say beyond the zero line, then of course people have the idea that when... When are we beyond the zero line? How do we know? So that gives us a flavor that maybe at some point we need to know when we are at Positive Impact, just like we should know when we are reaching zero, and that has sort of, the perception or the..., maybe also the corporate culture that, you know, engineering... We have to measure different things and we have to be able to calculate and so on.

Towards the end of 2005 many people had heard about this new strategy called Positive Impact. The reduction of negative environmental impacts was mainly understood as an internal initiative focusing on reducing the firm's carbon dioxide emissions and energy consumption, primarily in the manufacturing operations. Such activities were already ongoing. It was more problematic to understand how to increase positive environmental impacts. This was expressed by senior management as a business opportunity. Still, though, only a few people knew what it was all about and what it was supposed to mean in practice. Some middle managers occasionally tried to relate their ongoing or planned activities in product development and marketing to the new strategy. This was typically demonstrated in presentations to senior management at business review meetings. In general, however, not much change actually happened. This was seen as a situation where most employees were waiting for

more definitions and clarifications and where senior management were expecting that employees at different levels in the organization would come up with actions and decisions in support of Positive Impact.

This new strategy was discussed as being too abstract for the engineers, who in general were described as wanting things to be very well defined. As one senior manager described it:

The engineers want it to be precisely defined. They need to see in concrete terms what this is all about; they don't like such abstract formulations.

The lack of understanding of the meaning of Positive Impact was an issue not only among middle managers but also within the senior management team. Positive Impact was driven very much by the CEO directly, and there had been few discussions about it among senior management. The few talks that had taken place had focused on specific points such as following up on the reductions in carbon dioxide emissions in relation to the target that had been set earlier. There had also been reviews of environmental and health and safety issues in the manufacturing operations. However, no separate discussions had been held about Positive Impact itself. Rather, the strategy details had been sorted out between the CEO and the members of the Tiger Team.

In particular, the idea that Positive Impact made business sense was discussed repeatedly. There were many different views about this idea among the employees, and even within the senior management. One senior manager acknowledged that discussing the business value was like “fumbling in the dark” and that initially Positive Impact was “parked as a statement” but with little real activity behind it.

/.../ This business value that I mentioned, we discussed it a couple of times, but we were somewhat fumbling in the dark. What is it really? Is it tangible? What do we really mean by it? How shall you..., what shall we say? Shall we use it with our customers, or is this some kind of vision and mission statement that we just..., as a symbolic picture that we work on energy issues? Or could we connect something directly to it?

One aspect that was brought forward in many discussions about the meaning of Positive Impact was the need to identify some business cases – that is, some real examples of businesses that would be part of the new strategy – and to make such business cases visible to the employees. The idea was that if people were to see some real examples that made sense both from a business perspective and a natural environment perspective, it would help them

understand what the strategy was really about. Senior management was struggling to find such concrete examples.

5.6 The green products project

In parallel with the discussions about Positive Impact, most of which were held at the headquarters, business was going on as usual in most places in the organization.

The internal training program to develop awareness about sustainability issues among the employees had begun. There was also an increasing focus on sustainability issues in general and global warming in particular, for example, in news reporting and public debates. Recognition of such issues was growing in the society at large.

Also, within the MECH Group, more and more people started to discuss what this all meant, not only for the global society and its future generations, but also in terms of the day-to-day aspects of the business operations.

We will now move back in time for a while and change the focus of the story somewhat. In one of the engineering teams at the firm's R&D center for products in the UK a conceptual technology development project was running. Its focus was primarily theoretical, investigating procedures and tools for calculating the energy consumption of products. It was a conventional project that was part of the general R&D program, and it had been initiated back in 2003.

Another project that was also running at the same R&D center had been prompted by a request that had come from a customer to one of the Business Divisions. The customer had asked for a significant reduction in the products' energy consumption. Engineers at the R&D center provided theoretical support to the marketing people in the Business Division, who in turn were responsible to the external customer. Discussions about this subject were held with the customer during 2005.

Many different ideas regarding new technology development were discussed and evaluated in these two different projects. The results from the first investigations looked quite promising. Not only were there conclusions on a theoretical level but there were also more specific ideas with regard to new design characteristics that could be implemented and tested in reality.

With these results as a basis, yet another new project started to form; it was called the "green products" project. The overall idea of it was to demonstrate innovative technologies that could significantly improve the environmental performance of the products. By using the newly developed technologies as input to new designs, it was expected that new products could be developed that would consume significantly less energy than existing ones. These could, in

principle, be used in a variety of industrial machines. If these were to become commercially successful, it was expected that the resulting total reduction in energy consumption through the application of these products would become substantial even on a societal level. The R&D center for products was defining this project and had begun looking for resources to actually run it.

5.7 Meeting to discuss the anniversary

At the same time as senior management was struggling with the implementation of the new strategy, another challenge was coming closer. At the beginning of 2007, the MECH Group was about to celebrate its 50th anniversary. This was a significant event and an opportunity to communicate important messages to both internal and external audiences. The CEO wanted to have something to present that would be a fitting conclusion to the first 50 years and that would introduce the future. One topic of interest that had been brought forward was sustainability.

In the summer of 2005, the CEO had a meeting with the Senior Vice President R&D, the manager of the R&D center in the UK, the manager of the Environmental Affairs department, and one business development manager. Among other things, the need to have something related to sustainability to present at the upcoming anniversary was discussed. They “tried to brainstorm” about what to present. The manager of the R&D center showed some PowerPoint slides with the conclusions from the two projects related to energy consumption, which by that point had been running for some time. He also shared the idea of developing the green products. The CEO was very interested to know more about it, as the manager of the R&D center described it:

I made a presentation. /.../ “Green products,” that was the title of the slide. /.../ The CEO liked that quite a lot, so he became very interested in the green products. /.../ And then the ideas took off, we started talking and looking at the possibilities of design...

The green products were seen as an opportunity not only to have something of interest to present at the anniversary, but also to provide some more concrete examples of what being “sound for both the environment and business” in the Positive Impact strategy actually meant.

It should be noted that one of the projects in the implementation plan for Positive Impact that had earlier been developed by the Tiger Team focused on “reducing the energy consumption externally.” It had included, among other things, the development of a list of opportunities and potential business cases.

Some of the ideas that had been developed in the projects at the R&D center in the UK had already conceptually been discussed in relation to the implementation plan. This concerned especially the opportunities to develop products that consumed less energy.

5.8 The Energizer project

The CEO wanted the anniversary presentation to include all different solutions related to reductions in energy consumption within the existing assortment of products and services. Towards the end of 2005 he appointed a project manager to come up with some information that could be presented at the anniversary. The task was basically to have a discussion with representatives from the different Business Divisions and to summarize the firm's efforts in this area. This project was called Energizer. The project manager described this:

The CEO asked me if I was interested in being the project manager for the E-line project. The idea was – I remember his words – “It's not a big project, it's about collecting the solutions we have today that can reduce energy consumption.” So it was more a coordination and collection job to do that.

Responsibility for this project resided with the Business Development department. It was seen as a top-down initiative. A team of people representing different parts of the organization was assembled, and they started to work on this task towards the end of 2005. One milestone of the project was in June 2006. By that time they had collected a long list of solutions that could potentially be included in the presentation at the anniversary. Based on that, a number of solutions were short-listed for further work. The other important milestone was the press conference at the anniversary itself. This had already been clearly defined from the start of the project and it was seen as an important goal for the activities that were now being carried out, as described by the project manager:

One of the important milestones was the press conference for the anniversary. What do we present? That was the initial discussion, you know. /.../ So that became very quickly the center of focus, what should we provide? /.../ I think the anniversary had a great impact; it was important to drive activities towards that goal.

By November 2006 the Energizer project team had completed its task of collecting the different products and services related to reduced energy

consumption. In total, more than 140 different solutions had been proposed. About half of these had been accepted for further study. In the end, 16 of them were prepared in detail for eventual inclusion in the anniversary presentations.

The actual work had included several internal meetings with representatives from different parts of the organization. They had discussed and agreed upon which solutions could be considered for inclusion in a presentation about sustainability and reduced energy consumption. The work had also included some cooperation with an American university of technology to develop quantitative measures of the environmental impacts of the selected products and services. The involvement of external experts from the university was seen as an important aspect in the verification of the claims. This work was initiated through some earlier contacts between the senior management at the MECH Group and some professors at the university.

The results were summarized and handed over to the Corporate Communications department “to really take it to the next step.” The presentation material for the upcoming anniversary could now be prepared.

The actual texts that were being developed for the official press releases contained expressions such as “the savings potential of these products... /.../ that is equivalent to the energy consumption of 500,000 European households for one month.” They were meant to relate the energy savings of the various solutions to common measures that could be more easily understood.

It was decided to refer to the different products and services as “E-line solutions.”

Three “strategic issues” were concluded from the Energizer project. First, there was the “lack of a common tool” across the Business Divisions to evaluate the energy consumption performance of products and services. Second, energy consumption was “often not perceived as the primary value for the customers” and “very little was so far done to actually sell energy savings to our customers.” Third, while this project had focused on energy, it was suggested to include in the future “other environmental impacts for both business development and sustainability.” The work of the Business Development department in this project was thereby finished. It was now up to the Business Divisions to take over.

5.9 Redefining the green products project into E-line

The green products project from the beginning focused on demonstrating innovative technologies to improve the environmental performance of products. It was mainly about engineering issues. The two product types called “Nova1” and “Nova2” were included in the project. Marketing aspects such as promotion material and pricing strategy were not within the project’s scope.

During the summer of 2006 a change in the scope came about. It was decided to redefine the green products project to involve developing and launching real products. These were to be presented at the upcoming press conference in relation to the anniversary in the beginning of 2007. This shift in focus was explained by the increasing interest from the CEO. The manager of the R&D center confirmed that there was pressure to have something to present at the anniversary.

.../ And the solutions for the Nova1 and Nova2 types, which are the frontrunners in this, came about. And there was a very hard deadline. The idea was to use this as not just concepts, but as things we can actually do, and to launch new products at the press conference for the 50th anniversary..., so this would become part of the CEO's presentation. .../ John (CEO) wanted to run it quite fast, especially because we had a hard deadline in front of us, the anniversary in 2007. So there was quite a lot of pressure in the organization to deliver the goods and look for customers and so on, but a lot happened...

In October it was eventually communicated to the green products project teams that they needed to launch the new Nova1 and Nova2 products. One of the engineers in the Nova1 green products project described how this task was quite different from the original intentions of the project.

The market launch was not part of the initial scope... But it was included in the scope later on. .../ It started as a project to show conceptually how energy consumption could be reduced. .../ It was a technology development project.

Since both the scope and the time plan of the green products project had now changed suddenly, the people in the product development teams found themselves faced with a great challenge. They needed not only to develop the new technologies but also to launch new products onto the market. During the autumn of 2006 the pressure continued to increase, and there were only a few months left before the CEO was about to present the new products at the firm's 50th anniversary. This whole process was understood as something that came "from the top down." The people involved soon realized that this entailed a lot of unexpected work with many uncertainties, as one of the engineers in the Nova1 green products project explained:

It was a top-down decision. It was nothing that we had foreseen. .../ So we did not really understand the magnitude of this at first... of the request from senior management. We realized this

gradually... This will be a big event... Oops! We don't have the real products, no promotion, no price, you know...

The CEO knew that the Nova1 and Nova2 products could serve as business case examples to support the implementation of Positive Impact. He pushed for these products to be part of the sustainability theme for the presentations at the anniversary.

Towards the end of 2006 we had discussions again in the senior management team about what we were going to do with Positive Impact, and at that time I knew we had started projects in Nova1 and Nova2 to look at it, yes. Because I pushed very hard, indicating that I wanted that to be the theme for our second 50 years, to start our second 50 years.

Through a process that was described as “not very structured,” the challenge to develop a sustainability theme for the upcoming anniversary seemed to have found a potential solution in terms of the development of these new products. This was described by a business development manager who had been involved in the Energizer project earlier:

It was a not very structured way to start it. /.../ They had a meeting – the CEO, the Senior Vice President R&D, and some others – and they said that we need something for the 50th anniversary...

In January 2007 it was decided to rename the Nova1 and Nova2 green products to “E-line Nova1” and “E-line Nova2.” The new names were agreed upon in discussions between the project team, the manager of the R&D center, and some representatives from the Corporate Communications department.

5.10 Forming the Corporate Sustainability department

In parallel with the work with the E-line products and the preparations for the anniversary, the talks in the organization about what the new strategy was all about continued. Still, there was only little deliberate activity.

In the autumn of 2006 a new Corporate Sustainability department was formed. This included the appointment of a Senior Vice President Corporate Sustainability and the allocation of resources to form a team of four additional people to work with sustainability issues for the MECH Group. The team consisted of the following people: a person who had been working for the Environmental Affairs department before and who had also been a member of

the Tiger Team; a person who had worked for a business unit in one of the Business Divisions and who had also been a member of the Tiger Team; a person who had previously been working as an engineer in one of the Business Divisions; and finally, myself, who in the role of a PhD student got to be part of this new department.

The mission of this new organization was to take an active role in driving sustainability initiatives throughout the firm.

The team had its first meeting in September 2006. Its purpose was to allow team members to get to know each other and also to develop an action plan for sustainability in the MECH Group, which “the CEO was now asking for.” The newly appointed Senior Vice President Corporate Sustainability shared his initial ideas in some PowerPoint slides. He indicated that these were some of his “key slides when communicating with senior management and the rest of the MECH Group.” These included a new framework for sustainability, consisting of four “cornerstones”: business, environment, employees, and community. These in turn were related to two strategies: Positive Impact and Social Responsibility (see Figure 12).

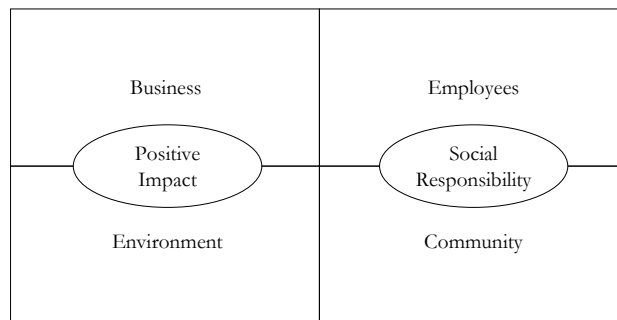
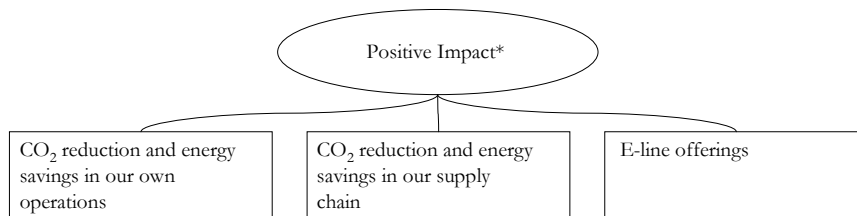


Figure 12: The new framework for sustainability

This new framework embraced all the sustainability aspects that had originally been discussed to be included in the Positive Impact strategy. However, the social issues were now handled in a separate strategy, the content of which had not yet been defined. Positive Impact was shown to focus on the intersection between business and environment, as previously decided by senior management.

Another slide outlined the existing initiatives related to Positive Impact. These included carbon dioxide emissions reductions and energy savings in the operations and in the supply chain as well as the E-line offerings (see Figure 13). The slide also indicated a proposed governance structure with a separate

strategy board consisting of members from different parts of the organization. This board was never put in place, however.



* Positive Impact board members: Senior VP HR
 Senior VP Business Development
 Senior VP Supply Chain
 Senior VP Corporate Sustainability

Figure 13: The existing initiatives related to Positive Impact

The outcome of the first meeting was summarized in five PowerPoint slides. One of these was titled “Our dream.” It included the following three statements, which were supposed to guide the future work in the department: integrating sustainability principles into our culture; the MECH Group as a role model; and finally, prove that Positive Impact works.

In October 2006 a two-hour meeting was held between the CEO, the Senior Vice President HR, and members of the Corporate Sustainability team. The “dream” was presented as one of the first slides. The ways to actually make Positive Impact a reality were discussed. Again, the need to develop some good business case examples was brought up. The E-line offerings that were currently being worked on in the organization were seen as important such examples. Other points of discussion included how to develop sustainability measures for the corporate scorecards; the changing of the firm’s car policy, with stricter targets on carbon dioxide emissions; and the need to review the travel policy.

Towards the end of 2006 the Senior Vice President Corporate Sustainability made a presentation to the senior management. It was decided that sustainability from then on was to be one of the strategic drivers. Additionally, it was decided to further “reflect our commitment to sustainability” in the corporate scorecard, and to put a higher priority on reducing carbon dioxide emissions from the operations.

The initiatives worked on by the Corporate Sustainability team included the coordination of efforts to reach the new carbon dioxide emissions reduction target, which had been defined at the launch of Positive Impact. This involved activities such as measuring progress against the target, reporting this progress

to senior management, and supporting the people in the operations in running improvement programs. These programs included more efficient use of existing equipment, investments in new equipment that consumed less energy, and sourcing of energy that had lower carbon dioxide emissions.

Another type of activity involved the sharing of information about sustainability efforts inside the firm. A special section on the Intranet was developed where employees could find information about Positive Impact, sustainability training programs, ongoing projects, and so on.

The department was also responsible for policies related to Environment, Health and Safety (EHS), Code of Conduct, and Social Responsibility. Some of the team members were very involved in the activities regarding management systems such as ISO 14001 and OHSAS 18001.

Some respondents discussed the formation of the Corporate Sustainability department as important evidence of the firm's increasing emphasis on sustainability. The fact that senior management had allocated resources for this was seen to signal that it was an important area. The new department was also seen to bring some coordination and alignment to the increasing number of efforts relating to these issues, which were now being worked on in different subunits throughout the firm. This can be illustrated by the following conversation with a senior engineer who was involved in the E-line product development projects:

Respondent: I guess there is a multitude of efforts that, to me, seem to now be starting to be... I don't want to say consolidated, but at least being coordinated and aligned, whereas before there were many, many either individual or group-wide or business-unit or different... different efforts. Now there is a more organized approach to it, and to me that's very good and there needs to be that embryonic phase when lots of things are allowed to launch and see what they can find out, more allowing a bit of the entrepreneurial type to go, but then it has to be aligned so that we can make sure and align our resources and get the best out of it. So... there seems to be a good transition between the large number of efforts and now the alignment and focus...

Magnus: Can you please give some examples of how it is now more coordinated than it was before?

Respondent: Well, the easiest one is that we now have a Corporate Sustainability person on the CEO's staff, so that brings a level of recognition and coordination to what we're doing. And also there is the number of different people that are doing sustainability projects and initiatives. More and more people are finding each other and comparing what they're doing and how they can overlap and where the things really come together.

The MECH Group also started to get more involved with external organizations such as the World Business Council for Sustainable Development and other associations that were focusing on the role of business in relation to economic, environmental, and social issues. The purpose was partly to learn from others and partly to share some of the learning that had been experienced so far. This was sometimes framed as "a broadening of the commitment."

5.11 Anniversary: launching the first E-line products

In February 2007 the MECH Group celebrated its 50th anniversary. At the headquarters the air was filled with excitement that day. All employees were invited to a celebration in the reception area at the headquarters, and many people attended the event. The CEO gave a presentation that included some words on the climate change issue. He said that "each of us has to make a contribution." The launch of the E-line Nova1 and Nova2 products was described as the start of a contribution from the MECH Group. The official press release, which had been published earlier the same day, explained that these new products would help to reduce the world's energy consumption. There was also a clear reference to Positive Impact. The new E-line innovations were described as products that would "contribute to achieving our Positive Impact target." The actual text stated that this new strategy had been launched two years ago. It was explained in the following way: "The energy savings from the products and solutions that the MECH Group supplies to its customers will be greater than the firm's own energy consumption." The CEO also presented information about the different E-line solutions. These included a new lightweight fuel-saving technology that was used in the transportation industry, and a new energy-efficient electromechanical actuation system that was replacing an existing hydraulic actuation system in an industrial application.

The CEO pointed out the importance of sustainability for the future. He said that this was only the beginning of the development of a complete family of products that would reduce energy consumption. By saying that, he in fact

initiated the development of further E-line products. These would later be called “E-line Alpha”, “E-line Beta”, and “E-line Gamma”.

Very few people had known about the new E-line products before they were actually launched. The CEO had driven the activities through a small, centrally coordinated group of people. The aim of doing this was to put some speed into the process. He argued that getting the buy-in from the organization through the conventional process of negotiations and discussions with the representatives from the Business Divisions would have taken too long.

I think in initiatives like this you cannot have a democratic process, and I couldn't spend the time waiting for people to buy into it, because if you did that then it would be far too slow. We would still be discussing the exact definition of Positive Impact.

This top-down approach was being discussed and criticized by many employees, especially among middle management. They suggested that “this was not in line with the MECH Group way of doing things.” The strong involvement of the CEO was described as a “management push,” and this was discussed as “push in an organization that doesn't like push.”

Many middle managers who had normally been involved in the launching of new products had not been aware of the E-line product development projects. The normal practice was to get a broad commitment and to discuss all issues about customers, marketing, technology, competition, and so on before any actual launch. When this process was bypassed, many people who thought they should have been part of the decision were not only surprised but also irritated.

Some of them expressed considerable skepticism not only about the process but also about the business value of the E-line products. They started to question whether the products were really focusing on the correct performance parameters and whether the customers would really buy them. In fact, some people considered these new products to be only “a nice thing that the CEO wanted to present at the anniversary.” This top-down approach can be illustrated by the following conversation with a project team member in one of the E-line product development projects:

Respondent: There was some disappointment, which we got to know about rather quickly, that this was a product launched by John (CEO) and it came from nowhere. That is, what shall one say, that is against all the principles that some people tried to implement in the organization, that a new product launch should be agreed upon in advance, it should be based on a customer need,

CHAPTER 5

there should be a pricing strategy, and so on, this whole process... But this was skipped, it just came from the top down.

Magnus: Is that the NOP that you are describing; can you please give an example?

Respondent: Yes, the NOP should have a number of gates where people agree on how the product should be positioned; there should be reference cases; you should have an approval; there should be a documented value for the customer end; and so on. I am not an expert on that process, but there are a number of steps that are... it is like a checklist. And that was just skipped.

Another aspect of the top-down approach was that there had been very tight time schedules. The fixed deadline had created a lot of pressure for the product development teams to come up with actual solutions. The response to this had been to develop products that would be good enough to present at the anniversary. This was explained by a senior engineer who was a member of the steering committee for the E-line Nova2 product development project.

Respondent: The CEO, in my view, decided that this is something we need to do as a company and in order to accelerate the process he presented some very strict targets to the Business Divisions, saying that he wanted..., that he was going to present the E-line products at the anniversary of the MECH Group, and therefore he pressured the organization to come up with something to present, and the organization responded to that.

Magnus: And how was the response from the organization do you think?

Respondent: I think the organization provided the CEO with sufficient material to present at the anniversary, that the organization made product designs that had sufficiently improved energy consumption to enable one to stand up and say here is something new.

It was now considered to use the same approach for the E-line Alpha, Beta, and Gamma products. The product performance target for these new E-line products was to reduce energy consumption by 30%. This was the same amount of reduction that had been the target for the first two E-line products. No launch date had yet been defined.

5.12 The next generation project

We will now have to move somewhat back in time again. A couple of weeks before the launch of the E-line Nova1 and Nova2 products, an internal organization announcement was published on the Intranet. A project manager for the new “next generation project” had been appointed. This project was about identifying and analyzing the most relevant performance parameters of the future products. It was intended to cover the next generation of five different product types.

The announcement stated that the new position would be in effect as of the beginning of March 2007, and that it would report to the Group Technology Board. This was a board of senior managers representing all Business Divisions; the CEO was the chairman. It was unusual to have a product development project reporting to this board. This was seen by some as an indication of the new project’s importance. There was also a traditional steering committee for the project, which consisted primarily of middle management representing various areas of the firm. This was a normal set-up as it was defined in the project management directives. The steering committee was to have a more operational role than the Group Technology Board. What that was supposed to mean in practice, however, was not made clear. In addition, the project manager also reported to a sponsor, a role that was held by the manager of the R&D center in the UK. He was in turn also acting as the chairman of the steering committee. Figure 14 outlines this organization.

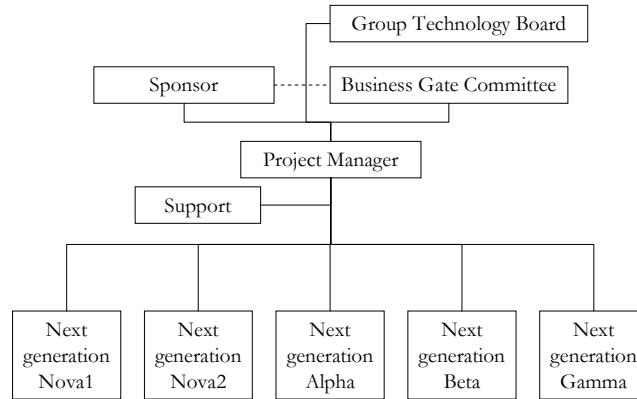


Figure 14: Organization of the next generation project

As shown in Figure 14, the project included five different subprojects. These were about developing next generations of Nova1, Nova2, Alpha, Beta, and Gamma products respectively. It soon became clear that this, in one way or another, would relate to the new E-line products that were to be developed – the E-line Alpha, Beta, and Gamma respectively.

The newly appointed project manager explained that reduced energy consumption was an important focus. However, it was intended that this project would also cover other potentially important performance parameters. The details were yet to be uncovered.

One point that was raised in the early discussions about the scope of the project was that there were lessons to be learned from the launch of the Expo product family some years ago. A specific point concerned matching customer needs with product performance, and “rather than just pushing it (the product) to the market, finding the market pull,” as the next generation project manager described it:

Fundamentally it is to take a large amount of learning from what the MECH Group did in the introduction of the Expo range of products..., to take the good parts of that and also to learn from all the areas that could have been improved upon..., very much, rather than just pushing it to the market, finding the market pull and the market placement to ideally have a much better match and much better impact when we roll it out.

This was also in line with the official MECH Group processes for new offers and products: the NOP and PDP. These, in principle, started from an

understanding of customer needs. Based on that, the offers and products were to be developed through a step-by-step process. All of this was well defined in process maps and procedural descriptions. The importance of having such a structured way of working had lately been stressed by senior management through the implementation of a set of common business processes.

It was also deemed to be very important to ensure that knowledge and experience could be shared across various parts of the firm, such as between the different people in the subprojects.

Aligning top-down directives with standard process requirements

As described, the launch of the E-line Nova1 and Nova2 products did not follow the official product development and launch processes. The activities had not started based on any clear customer need. Some people even claimed that there was no demand for these products at all and that the only reason they got developed was because “the CEO wanted them to be developed.” There was now a clear directive that the E-line Alpha, Beta, and Gamma products were to be developed and that they should meet the predefined target to reduce energy consumption by 30%. The coordination of this became part of the scope for the next generation project.

There were many discussions about the fact that there was no “market pull” and that therefore the need to develop the E-line products could be questioned from a marketing perspective. The project approach was instead described as “technology push.” The next generation project manager described such an approach as one that was difficult for people to accept, especially since the NOP and PDP that had been developed during the last years had clearly started with a view to meeting customer needs.

Internally we see this very much as a technology push, and it's difficult for people, because we're quite rigorous and process oriented for many things, and we've had a lot of emphasis lately on becoming more process oriented, and that process starts with the customer and the pull from the customer. So that's caused some internal concern, internal difficulty... to be able to, to go the way that we're going without having direct customer pull.

The approach was also discussed in terms of “management push.” This referred to the directive from the CEO to develop these products and to the decision to focus so strongly on reduced energy consumption. It was clearly “something that came from the top down.” This can be illustrated by the following conversation with one of the steering committee members of the next generation project:

CHAPTER 5

- Magnus: How was this project started?
- Respondent: Because the CEO said he wanted it. /.../ February this year, he launched it at the MECH Group 50th anniversary. /.../ By launching it and telling the organization that they had to provide the hardware, he started the discussion.
- Magnus: And how did the focus on energy consumption of the products come up?
- Respondent: I don't think it was discussed. Again, it was something that came from the top down.

The responses to this were different. Some people accepted the approach and tried to make the best of the situation. Others had difficulty fully agreeing with the directives. They discussed the intentions and the processes back and forth without really stopping any activities, but talking and venting so much that it was observed to be “clearly slowing the process.” Such discussions were held during official project meetings and steering committee meetings and they were also part of informal conversations among colleagues. Most concerns were brought up by people from middle management. The engineers in the product development departments, who in fact were the ones doing the actual work, did not seem to care much about the fact that the process was driven from the top down.

Middle management raised concerns about the availability of resources for running product development projects and about the prioritization between different activities. There were intense discussions about the appropriateness of spending resources to develop the E-line products without any “firm pull from the market” when there were other product development projects that could have made use of the resources to develop products for which there was an identified market demand. These discussions took place mainly between middle managers and the next generation project manager and sponsor. In turn, they discussed this with senior management, who made it clear that the new E-line products were to be developed and that “sometimes you need to start with a big commitment and then follow it up.” The decision had been taken; it had been communicated internally and externally, and it would not be easily changed.

Investigating the market demand

At the beginning of May 2007 it was decided to run a customer survey to understand “the voice of the customer.” The intention was partly to get a better understanding of the actual market demand for the E-line products and partly to get an external “unquestionable point of view” to help align the various internal viewpoints. The fact that “what the customer wants is what the customer wants” was discussed.

Two different studies were run: one done by an external company and the other by an internal consulting unit. Each market study was defined as a separate subproject with its own deliverables, budget, time plan, and so on. A separate steering committee was put in place to manage these projects. A number of meetings took place during the summer of 2007 as the results from the discussions with the customers began to be collected and summarized. Eventually, the results were presented in two large PowerPoint presentation files that were shared and discussed back and forth between the external company, the internal consulting unit, the steering committee for the market studies, the project manager of the next generation project, and the steering committee for the next generation project.

In September 2007 there was a steering committee meeting for the market studies. The results were debated. There seemed to be contradicting statements in the different reports. One point of discussion was whether the energy savings from an E-line product would make enough of a difference to the customers, or if the customers would instead focus on energy savings of the total system in which the product would be applied. This concern had been brought up in earlier discussions with the steering committee for the next generation project. The market studies confirmed that this was an intriguing question. Some customers or groups of customers seemed to be interested in buying the E-line products, while others seemed to focus instead on the total systems. The issue for the product development projects was whether further resources should be spent on developing the individual products or if they should instead be spent on developing energy-efficient solutions for total systems. Such solutions might include multiple products, services, and subsystems.

In October 2007 there was a steering committee for the next generation project to discuss the findings from the market studies. The managers, both from the external company and the internal consulting unit, were invited to present their studies. A lot of factual information was available at this point, but there were many discussions about how the information should be interpreted and what the results from the market studies actually meant to the E-line product development projects. In addition to some questions regarding the

methodology of the studies, such as how the data collection was done, how the sampling was done, how the data had been analyzed, and how the results were presented, the discussions soon turned again into a debate about whether or not there was any market demand. Some steering committee members found information that they thought supported the claim that there was no clear market demand and that therefore it would be better to reprioritize the development resources and focus on other projects. One of the steering committee members suggested that the risk and cost of developing the E-line products would be too high.

For the Expo products there was a good match between product features and customer needs. For E-line it is not the same. The risk is too high. The cost is higher than the benefit.

However, some steering committee members found information that they thought supported the idea that there was a market demand, especially for some of the E-line products, in some specific market segments. Finally, some steering committee members accepted that there was now factual information available and that even though there was room for different interpretations, there was enough market data available for the steering committee to move on with the next steps.

One of the committee members raised the issue of conflicting results regarding the market demand for products as compared to total systems. For one of the product types she argued that “energy efficiency of the product itself is not the important thing, but rather the total solution for the application.”

Similar viewpoints were brought up by other participants in the meeting. At the same time, everybody knew that the CEO had communicated that further E-line products would be developed, and this did not seem to be open for discussion. During the coffee break one steering committee member talked about how to present these ideas to senior management. He argued that some executive input was needed in order to understand whether it was at all relevant for the steering committee to discuss a change in scope for the E-line product development projects.

We need some executive input and a decision, to know what is open for discussion...

The project manager and the sponsor kept referring to the official announcement made by the CEO earlier in the year. It was clear that they did not want to change what had already been communicated. This was not a point for further discussion.

It was decided to combine the results from the two market studies into one PowerPoint file that could be used in further discussions both within the next generation project and in communication with the Group Technology Board.

Discussing performance trade-offs

While the struggle to understand the market demand was going on, the product development teams were working on the engineering issues related to the target to reduce energy consumption of the products by 30%. This posed significant challenges, and several engineering aspects had to be taken into consideration. In order to reach the target, certain performance trade-offs had to be made, and some untraditional decisions with regard to the design characteristics had to be taken. This included, for example, the need to reduce the AB-value. This particular performance parameter was critical, and the decision to reduce it was not easily accepted, as indicated by the following statement made by one of the product development engineers:

Reducing AB-value...? Over my dead body!

The AB-value had historically been one of the most important performance parameters of the products, and the engineers had for a long time been focusing their efforts on increasing it. This was seen as part of the firm's "engineering culture"; it was a sort of "golden rule." Now they were being told that they could reduce the AB-value in order to reduce the energy consumption. This was seen as a new direction with unknown risk. The next generation project manager discussed this struggle:

Respondent: To reduce the AB-value is not really what we've ever done before; it's hard for us to do.

Magnus: What do you mean by that?

Respondent: Our engineering culture, the fact that we've always progressed along that axis for years and years.

Magnus: What is that, the engineering culture?

Respondent: Just the fact that when I've talked to people about reducing the AB-value, when we first came out with E-line, the general feeling was, as long as we can maintain our AB-value and reduce energy consumption it's ok, and what we

said was, no, you need to open your field up a lot more than that, you can reduce AB-value, and it was kind of an “uuuhh...” So, you know, the feeling with them, at the development centers – there’s a..., we have this unknown risk. /.../ And they know it’s been built for years and years following that AB-value axis, and now we’re asking them to do a design trade-off.

In addition to the next generation project manager, the steering committee members, and the engineers working in the projects to develop the new E-line Alpha, Beta, and Gamma products, there were also product managers involved in the projects. They were part of middle management and had an overall responsibility for each product type that was to be developed into an E-line product. There was a product manager each for the Alpha, Beta, and Gamma products. In September 2007 the next generation project manager had a meeting with all of them. When it became clear that a reduction in energy consumption would imply a trade-off against the AB-value, the product managers started to question whether this was really the right thing to do. They discussed many potential risks of doing this, and they were concerned that the risks might not be justified by the potential positive side of developing the E-line products. The idea was floated that possibly the goal of reducing the energy consumption by 30% could be lowered in order to maintain the AB-value. The next generation project manager described this:

When we discussed E-line and went through the status of the project and the update, they (the product managers) really started to suggest, couldn’t we reduce our ambition on the energy consumption side so that we can maintain the AB-value? And in fact they wanted me to go back to my sponsor with that proposal, so it was almost as if, whereas before, they were in agreement, now that they had seen the difficulty their product development teams were having with achieving the 30% target, then they start to question...

The response was that it was “very unlikely” that the idea of backing off from this predefined target would be accepted.

The issue with trading off AB-value against energy consumption was further discussed during many meetings. A lot of effort was spent looking for ways to maintain as much of the AB-value as possible while still meeting the 30% target.

5.13 Increasing the visibility

While the work with the new E-line products continued, news of the frustration expressed by the product development teams had begun to reach those in the higher levels of the organization. This happened through the meetings that took place first between the E-line project teams and the next generation project manager and sponsor; then between the project manager and sponsor and the steering committee; and between the project manager and sponsor and the Group Technology Board. It was aired not only in formal discussions but also in informal talks behind the scenes, such as in the corridors at the headquarters.

One major point of discussion was the push from top management and the centralization of much of the directions for the work so far. There was little room for local adaptations.

The CEO got to know about this. He argued that it was important to keep policies, procedures, and targets centralized. At the same time he wanted the local organizations to take ownership.

We will get over this discussion about who owns what and who does what. I can live with all of that, as long as the ball gets picked up and run with in the organization. And I think it's right that it's then done according to the organization. So I think we have got to centralize the policies, the procedures, the targets, etc., the support for them. But the local organization has to maintain the implementation and take the ownership of it. And that's what we're trying to do here.

There was a fine balance between the centralized policy and the decentralized actual doing. This was an issue not only for the E-line products but also for the Positive Impact strategy. As discussed, these new products were partly meant to serve as concrete examples of the new strategy. Still, though, different interpretations of the intended strategy existed simultaneously throughout the organization.

Now we need to move back in time again. In parallel with the work in the next generation project, as time went on, several activities were done to involve more people in different Positive Impact initiatives. This happened during a time period when the environmental issues in general and the global warming issue in particular were getting even more exposure in public media including, for example, the film *An Inconvenient Truth* with Al Gore. The CEO described this:

CHAPTER 5

The momentum is picking up, people are seeing it, and of course it is helped by the external environment; today it is a lot easier to talk about these issues than it was even a year ago. /.../ The Al Gore film was a very important factor in changing people's perception of the environment...

Gradually, people were becoming more receptive and interested in talking about issues related to the natural environment. The increasing visibility of these topics was seen not only in the public debate but also in many discussions between colleagues at work. It was now easier to talk about these issues than it had been before.

At the same time, the discussions about the meaning of Positive Impact continued. It was still not clear to most people. The perception was that it was vaguely defined. One senior manager described it as "something that is emerging." The content was seen to be forming in parallel with an increasing understanding and acceptance of the motives, which in turn were linked to "a bigger change process" in the society:

We talk about Positive Impact, but what is it really? If someone asks me what it is, I cannot give a complete answer. It is something that is emerging. ...And as part of that process I believe that you show that this is important..., not only for the natural environment, but it is part of a bigger change process... and why it is important. ...This is a process...

Most employees were expecting further details about goals, activities, time plans, and so on. It was felt that there should be clear intentions about the goals and the processes to reach them. This was a traditional way to treat strategy in this firm; it was often viewed as a plan.

Talks continued within the Corporate Sustainability department about whether or not Positive Impact needed to be further defined. Different ideas were brought up, such as developing more explicit examples of business cases, preparing clear guidelines for the implementation process, introducing metrics for follow-up to be included in the corporate scorecards, and so on. It was again concluded that, in order for the organization to develop a "sense of ownership," it was better for the employees themselves to see what the new strategy meant to them and not to impose too many strict targets and guidelines.

“Giving them the ball”

Senior management indicated that one of the major challenges was to get the new strategy “into everyday practice” as “a natural way of working.” With the next generation project, the ownership had started to move somewhat from the CEO and senior management to more operational people in the organization. These included, for example, the product development teams working on the new E-line products.

The CEO’s intention was to let the local organizations shape the work so that they would feel ownership and move away from a situation that was “forced by senior management.”

The product development people are now taking on board the task to run the projects themselves. /.../ The ball has moved from sitting between me and some senior managers centrally; the ball has moved to..., they’ve got the ball now. And that’s the first step in the process, that they feel ownership of the ball. What I’ve got to let them do now is let them shape the ball the way they want to shape it. I can’t keep the ball completely round the way I want it. I’ve got to... /.../ And that process is started. So, giving them the ball, giving them the challenge...

However, this intended transfer of ownership met some challenges at the receiving end. As discussed, many people, primarily within middle management, had been upset by the “management push” and by the overruling of the traditional ways of working. This had led to a situation where many people actually tried to avoid having any involvement with the E-line projects at all. Decisions were avoided. For the people in the project teams who needed some decisions in order to move forward, this could be quite frustrating. One of the engineers in the E-line Nova1 products project described this:

One level was missing... /.../ the biggest issue I heard from the project manager in our team was that he had nobody to turn to. You know, everyone... it was like a hot potato. “Yes, no, I can’t take decisions, I can’t take that decision, I don’t take decisions...”

Allocating more resources

From 2007 onwards, additional resources were allocated to different sustainability initiatives throughout the organization. These included, for example, the appointment of sustainability managers in the Business Divisions. Their role was to further coordinate and drive certain initiatives in their

respective parts of the firm. One of them expressed the need to use the momentum that had built up in the organization and to move the work to the next step. He saw an opportunity to take a leading position both in reducing the environmental impact of the operations and in developing more energy-efficient solutions for the external market. The importance of networks of people was brought forward.

To move on now and use the momentum and the strengths that have been built up, the plans that I have brought forward are primarily about green operations and energy-efficient solutions... To have a leading position in these areas. /.../ So what shall we do then? It is a large organization and there are many factories... I will develop a network of people in the organization.

The need to get the employees more involved was expressed several times in different discussions. Senior management was asking for more actions, while at the same time many of the employees were asking for clearer definitions and concrete examples. As discussed, this challenge was being talked about repeatedly in the meetings in the Corporate Sustainability team. The questions were often about whether, and if so how, the new strategy could be explained and communicated in a way that would further support its implementation.

The E-line Nova1 and Nova2 products and all the different E-line solutions that had been collected in the Energizer project were increasingly being discussed in terms of Positive Impact. This was shown in a lot of different presentation material. For example, the bar chart of Positive Impact, which was featured in the PowerPoint presentation on the sustainability section of the Intranet, was updated and the E-line products and solutions were being used as examples of increasing the positive environmental impacts.

There was agreement that more activities needed to be done in the organization. However, it was debated whether any further detailed explanations of the strategy would be the right approach. It was a discussion about means and ends. For the time being it was decided to let the employees make up their own minds about what this all meant to them. Again, the aim was “to create a sense of ownership” among the people.

New projects to further improve energy efficiency in the manufacturing operations were also started in the factories and in the process R&D center at the headquarters. People from the Corporate Sustainability department were involved in many of these projects, either as project team members or as representatives in steering committees and reference groups.

Developing visible actions

Some of the activities that were driven centrally in the firm were quite visible to the rest of the organization. For example, the company car policy was changed so that only cars that fulfilled a specific carbon dioxide emissions limit were allowed. As discussed previously, that had been one point on the agenda at the presentation between the CEO, the Vice President HR, and members of the Corporate Sustainability team in October 2006. This decision had been taken by senior management. One intention of making this change was to give a clear signal to the employees that some actions were being taken. Most people supported this decision, but not everyone did. Some even tried to find ways to get around the new rules.

The actual direct reduction of the environmental impact due to the new policy was expected to be small in comparison to the indirect effects on people's behavior. It was seen as especially important that the managers who were entitled to use company cars could be "role models" to the rest of the organization. A sustainability manager in one of the Business Divisions described this:

It is this... and I categorize this as behavior, management behavior, really. And I believe that is part of it, to increase the awareness and to act as a role model. In this position you have to think twice before you travel to China... and think about... you actually need to make sure that you drive an environmental car, if you want to be credible in this position.

It was also discussed as a credibility issue, the need "to walk the talk" and to show that you are trying "to put your own house in order." The CEO exchanged his car for a new one that was in line with the new policy "in order to be able to talk about it."

Another example of a symbolic action was a major investment to equip a new roof at one of the warehouses with solar panels. The roof had to be replaced. By investing in solar panels, the amount of spending increased significantly, but there was also a value of showing to the organization that such investments were to be considered. The CEO described this as an obvious way to do something.

My view is that you can't make an omelet without breaking eggs... And you have to do something, and warehouse roofs are an obvious way... to put solar panels there.

Not everyone agreed to this approach, however. There were discussions in the corridors at the headquarters in which it was said that this money could and should have been spent on other investments that would have shown better results for both the business and the natural environment.

“What’s measured gets done”

Many people were of the opinion that the measuring of actual progress against predefined targets was an important way “to get drive in the organization.” The logic was that strategies and activities for which there were actual targets and measurements would be prioritized over other things, especially if senior management was asking for it. The CEO described this:

Once you start to get it on people’s scorecards then you get visibility of it there. The old saying “What’s measured gets done” applies in this area as well. /.../ And of course, one of the big issues when I go roundabout is asking the questions, you know, “What are you doing on these things?” There’s nothing more visible than to get followed up, if I go and ask them, “What’s happening on this? How are you doing on your energy consumption? What’s happened to your carbon dioxide emissions?” /.../ People will start to say, “Wow, this is important; every time we have our meetings they discuss it...”

During the spring of 2007 there were discussions in senior management about the MECH Group’s corporate scorecard. This was a strategic management tool that was used to measure progress against targets from a number of perspectives. These included shareholders, customers, process, and employees. Key performance indicators (KPIs) were defined for each perspective. Thereafter, targets were set, activities were defined, and the actual progress was then measured and reported on a quarterly basis. The scorecard work was coordinated by the Business Development department. The Senior Vice President Business Development described how there were now discussions about how to include Positive Impact in this.

We are trying to find out what to measure on Positive Impact.

The Corporate Sustainability department was asked to come up with a proposal for KPIs. There was already a process for measuring the progress against the target to reduce the carbon dioxide emissions of the operations. Every Business Division followed these results regularly. A new IT system was being implemented, which made it easier to consolidate and report such information.

In addition, it was proposed to define a KPI that referred to the development and sales of “products and services related to energy efficiency.” However, it was not clear how these could be defined and tracked in the current IT systems. The Quality department was asked to look into this further. For the time being, this KPI could not be included in the corporate scorecard.

The management conference, 2007

In June 2007 another management conference was organized; it was held in Sweden. Such events were normally held every second year. Hundreds of people in different managerial positions and functions were invited. One of the main themes was sustainability.

The CEO gave a presentation at the opening. He talked about the number of people who were gathered in the room and how much knowledge all these people had. By assuming an average length of employment of the participants, he concluded that the combined knowledge of all these people amounted to about 14,000 years. This small calculation exercise seemed to be appreciated by many of the attendees. After all, this was an engineering firm. The CEO reviewed the targets that had been defined at the management conference in 2005. With regard to Positive Impact, he said that the reduction of carbon dioxide emissions was on track. He also indicated that many new initiatives on energy-efficient products and services had been started. The new E-line products were mentioned specifically, both the ones that had already been developed and the ones that were about to be developed. He said that the new strategy was moving from vision to reality. Positive Impact would remain as one of the key strategic targets for the future.

At the conference, the CEO discussed sustainability as an essential “enabler” for a successful development of the firm, and he said that sustainability had now been added as one of the corporate drivers. This was highlighted in several PowerPoint slides and in different communication material, such as a booklet that each conference participant received. This booklet was titled “The Commitment” and it contained a great deal of corporate information, such as statements about the corporate values and drivers, and other important strategic messages. Each person was asked to read and sign his or her personal copy.

At the previous management conferences, small gifts had been handed out to the attendees. This time it had been decided to instead donate money to one social project and one environmental project. When the CEO announced this he was applauded.

The Senior Vice President Corporate Sustainability made a presentation. He stressed that the emphasis on sustainability was not a temporary matter,

something done in an attempt to look good, but that it was a long-term effort that would become even more important in the future.

Is this a fad, a temporary question, to look good, a marketing gimmick? I answer yes, it probably is, for many companies. But not for the MECH Group!

He argued that it was not only important to make a good profit but to make the profit in a good way. This was expressed as “the profit we make and the way we make profit.” At the conference, the new framework for sustainability was presented. As discussed previously, it included the four “cornerstones”: business, environment, employees, and community (see Figure 12). These were presented in a PowerPoint slide. Positive Impact was explicitly shown in the intersection between the business and the natural environment, thereby suggesting that this strategy was about combining the business strategy with concerns for the natural environment.

All the Presidents of the Business Divisions made reference to sustainability in their presentations. For example, it was pointed out that sustainability makes a lot of business sense, especially for some groups of customers, and that it was becoming an even more important focus area in the business strategy. One of the senior managers argued that there had not really been a program for how to work on sustainability before, but that more resources now would be put in place to push these initiatives in the Business Divisions.

We have talked about it before, but never really had a program for it. We will add resources to push sustainability initiatives in the Business Divisions.

5.14 Redefining the next generation project

The activities to increase the visibility of sustainability in general and Positive Impact in particular took place in parallel with many other activities. We will now focus for a while on the actual work in the next generation project.

From the beginning the intended scope of the project was to focus on product development and to come up with potential areas of technological development for future products. As discussed, senior management was placing a strong emphasis on the E-line offerings. The E-line Nova1 and Nova2 products had recently been launched onto the market and it had been communicated that more such products would follow.

It was now decided to change the scope of the next generation project. It changed in two ways: first, it was broadened from just product development into more general product launch issues such as marketing, strategic positioning, product development, and communication; second, it was narrowed into focusing only on E-line, that is, focusing on reducing energy consumption of the products as opposed to investigating other potentially interesting performance characteristics. In other words, it had now essentially turned into a product development and launch project for the E-line Alpha, Beta, and Gamma products.

The next generation project was now seen as “a home in the corporation for the E-line idea.” As discussed, the concept of reducing energy consumption of the products and the approach of developing them based on “technology push” was in conflict with the NOP and PDP. On the one hand, people felt that they were required by senior management to develop the new E-line products while, on the other hand, they felt they should be working according to the key business processes.

The next generation project manager argued that “this concept wasn’t well anchored in the company.” The project was loaded with conflicting messages. Somehow the demands from senior management had to be balanced with the needs involved in the actual doing in the product development departments.

When I started out to look at getting into the product development, the discussions quickly went to: How does this fit? What is our message? We don’t have a customer pull... /.../ This concept wasn’t well anchored in the company.

Since the next generation was supposed to be a Group project, it needed to include multiple stakeholders from all the Business Divisions. Many people with different agendas and priority lists needed to be engaged in discussions. Decisions and activities were to be broadly anchored.

E-line product development projects meeting

In October 2007 a meeting was organized at the R&D center in the UK. All project managers for the different E-line product development projects participated. These included both E-line Nova1 and Nova2 products, which had already been launched, and the E-line Alpha, Beta, and Gamma products, which were to be developed. Also, the next generation project manager and the sponsor participated in the meeting. The purpose of the meeting was partly to review the status of the different projects and partly to allow for the different project managers to meet with each other and to share ideas and experiences.

On the evening before the actual meeting, all project managers gathered for a dinner together with the next generation project manager and the sponsor. All people seemed to like the idea of a meeting between the different teams and having a chance to discuss how to solve the technical challenges of reducing the energy consumption by 30%.

The different project managers had understood that these projects were strategically important and that the work had been initiated by the CEO. They had also seen that many senior managers were aware of these activities and were discussing them in different ways.

There were concerns regarding how the E-line products related to the new strategy of the firm. Many of the engineers had heard about the official definition of Positive Impact. At first they had not really understood what it meant, but after the anniversary presentations, the picture had become clearer. They had in turn presented the new strategy to the people in their organizations. Since then, however, it was not much discussed. The E-line Beta project manager described this:

First, people didn't understand Positive Impact. Since the anniversary it is clear what we mean. /.../ top management presented it to us and we presented it to the people. Now we don't discuss it.

The project managers had understood that their projects were somehow related to this new strategy, but they questioned how the energy consumption focus of the E-line products was appropriate for the discussion of Positive Impact. The concern was that the new strategy talked about the total environmental impact while the E-line products were focusing only on energy consumption. Moreover, it was pointed out that the E-line products were focusing on the impacts during the use phase of the products, as opposed to the total life cycle.

One concern was that the focus on reducing the energy consumption in the use phase must not sacrifice other environmental performance during the life cycle. The feeling was that this part had been left out in the predefined requirements for the E-line products. Therefore, it was in principle possible to develop products that fulfilled requirements even though they could have significant negative environmental impacts in other ways. This was mostly a theoretical and principal-oriented discussion. However, it led to a situation where some of the engineers even questioned whether the firm was really serious about Positive Impact. This can be illustrated by the following statement by the E-line Beta project manager:

It is not clear what we mean by E-line. Is it only energy consumption or is it the total environmental impact... Is this really Positive Impact?

During the first day of the meeting, each project manager made a presentation on the status of his or her project.

The project managers for the E-line Nova1 and Nova2 products described what they had done to achieve the 30% target. Different technical avenues had been explored and in the end real product tests had been done to verify the performance of the new products. The presentations included both PowerPoint slides and numerous spreadsheets and graphs that went into details with the many different technical considerations that had been worked on throughout the development process. Some of the other project managers started to question the decision of having a common energy consumption reduction target of 30% for all the different product types. The concern was that they all had different starting points, so it would be easier for some of the product types to reach the target than for others. Therefore, it was seen to be unfair to require all of them to achieve the same energy consumption reduction.

Then the project managers for the new E-line products made their presentations. Of course, they did not present as many details, but all of them had developed some first ideas for the design and they had also brought several examples of theoretical calculations that indicated how much energy reduction they expected to achieve through various design changes.

There were major concerns about the fact that the E-line product development projects were started without having a real market demand. This was again discussed as going against the NOP and PDP. The project managers were struggling with how these projects would fit into the existing processes. In the PDP it was clearly said that a business case needed to be developed for a new product and offer. This in turn referred to a customer need, but since this was now somewhat missing, the E-line project managers were not sure whether, and if so how, to run the projects. The response was that the projects should be run anyhow, which can be illustrated by the following dialogue between the E-line project manager and the sponsor:

Project manager:	What do we do when we don't see the business case for the products?
Sponsor:	We do it anyway.

Different ideas to get around the issue of not having a real business case were brought forward. These included redefining the projects somewhat so that they

became other types of projects, that is, projects that could be defined in more flexible ways so that they need not be part of the PDP. The engineers seemed very concerned about following the key business processes that were, at that time, being implemented globally.

The issue of spending the engineering resources to develop the E-line products instead of spending them to develop energy-efficient solutions for total systems, for which there might be a stronger market demand, was discussed. Some of the project managers said that they had been approached by their local managers who had wanted them to focus on solutions for total systems instead of products. The directive from the next generation project manager and sponsor was to focus on the products. The project managers found themselves caught in the middle of these conflicting views. The sponsor confirmed that such discussions had been held in the steering committee of the next generation project as well, and that the focus should be on the E-line products, and not on the solutions for total systems.

The fact that developing the E-line products meant doing new things that had not been done before was discussed. The concern was that there was very little time available to develop the new products and that many of the technological changes needed to be carefully evaluated before any claims were to be made to the market. The engineering concern about reducing the AB-value in order to reduce the energy consumption was discussed further. This was described as a risk that somehow needed to be managed. It was, for example, emphasized that extensive real testing needed to be done in order to prove that the theoretical calculations, simulations, and conclusions were correct.

Shifting focus again

Towards the end of 2007 the next generation project shifted focus again to consider only product development issues and to let the other product launch issues, such as marketing communication and pricing, be managed in separate projects outside the scope of the next generation project. The focus on E-line remained. This allowed the next generation project manager, sponsor, and steering committee to focus mainly on the product development aspects of the projects to develop the E-line Alpha, Beta, and Gamma products. The time schedule for developing these products was considered to be challenging.

5.15 Discussing the strategy's meaning and motives

Let us for a while go back to the discussions about Positive Impact. Among people in the organization there was still considerable confusion in terms of both the intended strategy meaning and the strategy motives.

Many people referred to the new strategy as an interesting and challenging concept, but one that was difficult to explain. As discussed above, it was sometimes described as a calculation model. With such a view, the reduction of the negative environmental impacts and the increase of the positive environmental impacts were to be quantified. Ultimately these were then summarized into a net result that would show the firm's total impact on the natural environment in numerical terms. However, no one was able to actually do that.

At other times the strategy was described more as a conceptual idea that was meant, in a general sense, to direct the efforts so that “fewer bad things and more good things are done within the firm.”

Most people had problems presenting and explaining the new strategy to other people. Those who actually tried to do so often referred to the bar chart. It was meant to support the explanation of the strategy, but it sometimes made it more difficult. This can be illustrated by the following quotation, in which the sustainability manager of one of the Business Divisions struggled to explain the new strategy:

The meaning of Positive Impact is that the MECH Group will have the goal of..., by reducing the negative impacts from the manufacturing operations and in that way contribute with a more positive..., positive impact... I think this is difficult to formulate in a good way, but this image describes it well (drawing a bar chart). The emissions and the energy consumption that we have in the manufacturing of our products... The total absolute amount will be less than the total absolute amount of the positive changes that we can contribute through new developments and the reduction of our own... manufacturing... yes, at least zero or more, positive impact. /.../ I explained this another time and then it went well, but now I feel like I struggled...

Positive Impact was also inconsistently referred to as strategy, vision, strategic objective, and strategic target, but with little explanation of what it actually was.

There were also discussions among the employees about why the firm was working on this new strategy at all. Why was this seen as important, and to whom? Why was it becoming part of the business agenda? What were the real motives behind it?

People in senior management discussed the motives for Positive Impact in principle in two different ways: business motives and ethical motives.

The business motives had to do with aspects such as opportunities for increased sales, decreased cost, and potential sources of improved competitive advantage. By increased sales it was meant that products and services with an improved environmental performance would meet an existing and/or expected demand in the external market, and thereby provide an opportunity to increase revenues of the firm. One senior manager observed that customers of his Business Division now were “speaking the same language.” He argued that the MECH Group for many years had been working on solutions to reduce energy consumption for. This was now more in focus.

The value added we give to our particular customers is on how they can get a better return on investment, and that includes savings on energy consumption, of course, and this is one of the things that we’ve been working on consistently now for, as I say, many years, but it’s more in focus now, because of course the customer is speaking the same language now.

By decreased cost it was meant that the programs and activities to reduce environmental impacts would provide an opportunity to decrease the cost of operations. Typical examples that were brought up in discussions included energy savings and material savings, such as improving energy efficiency and reducing the waste in the manufacturing processes in the factories.

By competitive advantage it was meant that Positive Impact would be a source of differentiation and an opportunity to develop a stronger competitive position. One senior manager noted that the customers liked this approach and that the competitors did not yet “speak this language.”

When we go and see customers with this kind of approach, we get a fantastic reception, because none of our competitors speak this language, you know.

The ethical motives were mainly discussed from a global environmental and societal viewpoint. One senior manager argued that “it is not sustainable to continue business as usual” and that everyone needs to take responsibility.

There is in a way an enormous shift that is taking place, because you..., you have to..., it becomes so evident that it is not sustainable to continue business as usual, and then everyone has to..., take his or her responsibility. /.../ I think this has an effect

on people..., is starting to affect people much more in their daily life...

All in all, the motives expressed by senior management corresponded well to the ideas of the CEO, who early on had stressed the importance of the strategy being “sound for both the environment and business.”

At the same time, the motives that were discussed among non-senior management people, that is, those MECH Group employees who were not members of senior management, were discussed somewhat differently. A wide array of ideas was brought up in the search for motives that would somehow make sense. These included business motives, ethical motives, and image aspects. In addition, it was often mentioned that “the CEO is totally convinced that this is right” and that “this has been decided by senior management.” Therefore, even though the employees often struggled to understand and agree with the motives brought forward by senior management, there was still a very strong “push from the top” that actions and decisions were to be followed through.

The business motives that were presented by senior management were heavily debated among the other employees. In particular, the question of whether any real external market demand existed or would exist in the future was a point of argumentation.

The ethical motives that were presented by senior management were not questioned. It seemed clear among people in general that firms such as the MECH Group had a certain ethical responsibility to actually take care of the natural environment.

Some employees argued that the new strategy had been launched to develop the image of the corporation. One point of view of the image motives held that the firm seriously aimed at taking a leadership role in promoting environmentally sustainable development of the global society. Another view was that the firm was only capturing a “fad” in the market to strengthen the image of the company without making any long-term commitment and thereby without real benefits for the natural environment.

Positive Impact strategy meeting

The various discussions about the strategy meaning and motives reached the people in the Corporate Sustainability team. This happened mostly through different meetings in which the team members were involved. These included occasions where senior management expressed their points of view such as in business review meetings and in informal conversations in the corridors at the headquarters. These also included discussions with other people in the

organization, such as in formal project team meetings and steering committee meetings and in informal talks behind the scenes.

At the end of October 2007 the Senior Vice President Corporate Sustainability called for a “Positive Impact strategy meeting.” He was “concerned that we are not advancing Positive Impact with the determination and speed it requires.” The invitees included members of the Corporate Sustainability department and a business development manager who had been very involved in the Energizer project back in 2005 and 2006. In the e-mail that explained the purpose of the meeting it was argued that the “engineering culture” of the MECH Group required further definition of the current situation, intermediate targets, action plans, and measurement of the progress:

Positive Impact is a great concept, but in an engineering culture like ours it would require us not only to know where we are going, but to

- know where we are
- have intermediate targets
- have action plans
- measure progress
- and so on /.../

At some point we may have to make up our mind. /.../

It was emphasized that this was an important business strategy. Two different “drivers” were concluded from the meeting: “a) the need to contribute to an environmentally sustainable development of the global society – social responsibility” and “b) an anticipated market demand for environmentally friendly energy-efficient products, services, and solutions – business opportunity.”

Furthermore, it was argued that the environmental issues needed to be integrated into the business strategy and “into the normal business practices.” If they were not, there was a risk that the new strategy would be “seen as a marketing tool.” How to actually do this, however, was not concluded.

5.16 The E-line Alpha project

Now we move back to the E-line product development projects again. The focus in the following will be on the E-line Alpha product.

As discussed, the expectations were set both externally and internally that the E-line Alpha, Beta, and Gamma products were to be developed. This had

been initiated through the commitment made in the presentations by the CEO at the anniversary.

During 2007 some preparation work was done for the E-line Alpha project. A project manager had been appointed before the summer vacation, but he had many other things to work on at that time and no other resources had yet been allocated to this new project. The preparation work included some preliminary design reviews and estimations of the possibilities to reduce energy consumption in different ways. These activities were run as a “pre-study,” partly because this was being asked for in the guidelines for the PDP, partly because some technological issues needed to be investigated before the project activities could be defined, and partly because there were not enough resources available to start the full project earlier. The Alpha product was one of the types that had been included in the next generation project, and since that project had come to focus more and more on the E-line products, the pressure to start the E-line Alpha project had been increasing.

Struggling to justify the project

In November 2007 there was a meeting to discuss the E-line Alpha product development project. The participants at the meeting represented both the product development and the marketing functions, and the discussions were about subjects such as the purpose of the project, the directives from senior management, the project organization and time plan, and when and how to actually start it. The project manager had begun to put together a plan, or “charter,” which was intended “to set expectations, parameters, and conditions for the project.” It included goals, deliverables, resource requirements, and governance structures. This charter was presented in a PowerPoint file.

Many of the issues and conflicts that had already been aired in other forums were now also discussed in this local context. It was again argued that the whole E-line initiative was being “pushed from the top.” The reason for running this project at all was discussed as “something that was decided by top management.” The demand for this new product did not come from the customers, but from senior management. It was also discussed how the market demand needed to be identified before any actual product was developed. This was clearly shown in the NOP and PDP.

To be able to fill in some of the templates in the charter, the requirements from senior management were used instead of real customer input. The E-line Alpha project manager argued that one of the concerns about this approach was the risk of not taking the real customer needs into consideration when developing the products.

CHAPTER 5

It didn't come from the customers, but from the senior management of the MECH Group that we should do this. So I feel this is in a way a problem because at the moment senior management wants it, but not the customers... /.../ So whatever we develop now, there is a risk that we will miss some customer requirements, because the customer is our CEO and he only says that we should reduce energy consumption by 30%.

The formal requirements and guidelines in the NOP and PDP were discussed in relation to the process of the E-line Alpha product development project. In particular, the idea that it was important to still somehow identify the real customer needs early on in the development process was discussed. The marketing manager pointed out that the marketing people needed to be involved in some way in the project.

It is important to verify the customer needs in the pre-study and not wait until the development phase...

There was some discussion about how to manage this, trying to acknowledge both the fact that this project was initiated by senior management and that there was no real customer need identified and the traditional way of working, which was to involve the marketing people to find out the customer need.

Moreover, it was said that the way the E-line product development projects were being run was very much a "technology push" as opposed to the "market pull" that was prescribed in the NOP and PDP. The sponsor had recently participated in an external meeting about "technology road mapping" where two fundamentally different ways to develop and market new products had been discussed: "market-driven product development" and "technology-driven market development." He argued that the E-line Alpha project could be seen as a technology-driven market development, and as a "technology push" project. The marketing manager could not support this. It was agreed to somehow try to balance these different approaches. This can be illustrated by the following discussion between the sponsor of the E-line Alpha project, the marketing manager, and the product manager:

Sponsor:	When I read this I thought that when we do NOP we do this market-driven product development. But for the E-line Alpha we are having problems knowing what the customers really need. So therefore I thought like this... maybe it is a technology-driven offering for the E-line Alpha?
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Marketing manager: Ouuuch, I am taking a deep breath...

Product manager: But does it need to be either/or?

Marketing manager: No, we have to do both, to find a balance...

The official start of the project was discussed. The project manager wanted to get a commitment regarding resources, but the sponsor argued that some mandatory requirements first needed to be completed, such as filling in some predefined templates with information about the purpose, goal, budget, time plan, and risks of the project. One of the most important documents was the business case. It was supposed to “ensure that relevant commercial factors [were] considered and evaluated.” The following discussion between the E-line Alpha project manager, the sponsor, and the product manager can illustrate this:

Project manager: I would like to run now with the project, with the charter and defined goals.

Sponsor: Don't speed up too much now...

Project manager: How long do I need to wait until I get more resources?

Sponsor: I cannot assign more resources until the goals have been defined.

Product manager: That is what is done in the pre-study.

Project manager: A lot of it is done already, isn't it?

Sponsor: But we must have a business case.

The business case was seen as “a basis for the start of a project and for business gate decisions.” A guideline and form for the business case was provided in the NOP. It traditionally referred to a customer need but, as discussed, for this project that input was missing. This issue had also been brought up, for example, in the previous discussion between all the E-line project managers. Then it had been said that the projects should be run in spite of the missing input from the market.

In an attempt to identify some links to the customer needs, an e-mail was sent to a number of marketing managers. They were asked whether any customers in their market segments might be interested in the new E-line Alpha product. One of them showed some interest and it was decided to use one of his market segments as the target for the new products. This meant, for example, that the real tests of the prototype products could be done for a specific application and that further launch activities could be driven in that context. Even though it was acknowledged as a risk that there would only be vague ideas about customer needs and that the internal view from the market segment organization might “describe their own ideas rather than what the customers really need,” the fact that a market segment was identified was quite positive. It was better than nothing. It also made it possible to fill in the business case form and thereby to fulfill that part of the NOP.

Kick-off

The project manager was concerned that no resources had yet been allocated to start the activities; he did not want to be held up. There was a strong push from senior management. The lack of willingness among middle management to allocate resources was discussed as a sign of the low priority they were giving to it.

Well, I don't have my project yet, so... I might complain about it too much and I ask my managers why nothing is happening and why I'm not getting my resources, but it... I mean, if I don't get the resources I guess that is a sign of how important the managers at the levels below the CEO think this is...

When the charter had been developed and approved, resources eventually started to be allocated. In December 2007 the project team had their first meeting. The project had not yet officially started, but the people who were to be part of it had gathered for a short introductory meeting. The project manager presented the charter and the business case. He explained that the strategy of the MECH Group was “to create a family of green products.” It was said that “the global climate is driving this type of activity from the industries.” The segment that had shown some interest in the E-line Alpha product was introduced, and the results from the pre-study were presented.

The actual project was officially started at the beginning of 2008. At the end of January there was a two-day kick-off meeting at one of the product development sites in Sweden. All of the project team members participated; there were four people in addition to the project manager. All of them had engineering backgrounds and they were assigned different responsibilities in the

project, such as product design, calculation and simulation, real testing, and manufacturing. They represented the product development and manufacturing functions. The project had a clear technology focus; other aspects, such as marketing and sales, were not within its scope. A business gate committee had been defined, consisting of various people from middle management. The committee was to take decisions about the project at the “business gates,” which were to take place in between the different project phases. These were clearly defined in the PDP. The project organization also included a sponsor and a link to the next generation project. A relationship to the other E-line projects that were running in parallel at other Development Centers was thereby acknowledged (see Figure 15).

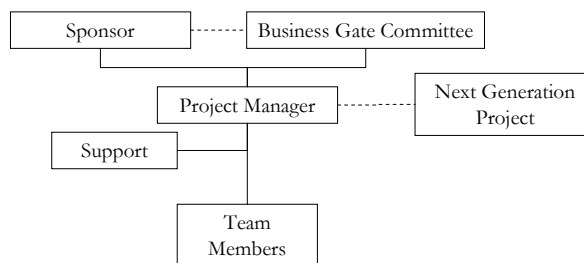


Figure 15: Organization of the E-line Alpha project

During lunch before the meeting had officially started it was discussed that more information sharing between the different Development Centers “would be good and should happen, but it is not really working now.” It seemed that in general in the firm there was a lot of talk about sharing knowledge but that little happened in reality. This was explained partly by the fact that “normally, people tend to talk only to people they already know instead of contacting new people at other locations” and partly by the fact that the IT systems for sharing information with others were seen as “either too local or so complicated that nobody wants to use them.”

At the start of the meeting the project manager presented the charter and business case documents. The objective to reduce energy consumption by 30% and the time plan for development of a prototype were discussed. There were concerns about the request that had come from senior management regarding the launch date of the new E-line Alpha product. The project manager had learned that the launch was to take place in relation to one of the technical press events (TPEs) that were planned for 2008. They had been asked to be ready by May. The project team did not support that, arguing that too much risk was involved, and it was agreed to try to push that date forward. The hope

CHAPTER 5

was that the launch could be rescheduled to take place at another TPE towards the end of 2008. This was discussed between the E-line Alpha project manager and the team members:

- Project manager: Could we do it in May? They want it in May.
- Team member A: We cannot present it if we're not sure about the 30% reduction. That's a big risk. What happens if we only reach 15% reduction but have communicated 30%?
- Project manager: Yes, I know that's a risk...But I think they want it in May.
- Team member B: No, we cannot present it in May.
- Project manager: I agree.

There were many technical discussions at the kick-off meeting. Alternative design concepts were discussed and different performance parameters were analyzed in terms of their effect on the objective to reduce energy consumption. The approach was to identify the most important parameters for more detailed investigation. Many formal procedures and tools were used, including various templates and checklists. One such template was the "Parameter Tool," which was supposed to be filled in as part of the PDP. A lot of time was spent filling it in at the meeting, but it was considered to be of little use. This can be illustrated by the following conversation with the E-line Alpha project manager:

- Project manager: Now we shall do the Parameter Tool.
- Magnus: Where does this come from?
- Project manager: It is part of the standard project process guidelines. My view is that this Parameter Tool is never really used. It is just done because you have to do it.

All documentation was to be stored in a common project database, and both the project manager and the team members seemed to be concerned about documenting many different things. In one of the exercises, which was about

identifying the most important design parameters for improving the energy consumption, they used a tool that was based on an Excel spreadsheet. It consisted of 7 columns and more than 250 rows. For each row, a number of quantitative scores were to be provided so that in the end the tool would provide a prioritized list of the design parameters. There was some joking about the fact that the formal process guidelines were followed in a very rigorous way, but it was still seen to be important to actually do that and to document the different steps in the process, as the following episode can illustrate:

Project manager:	Now we're finished with that template.
All team members:	Yes!
Project manager:	Ok, then we continue with the next spreadsheet... <joking>
All team members:	No! <laughing>

There were long discussions about the risks of the project. First, the risk of developing a product for which there was no real market demand was discussed. This was seen mainly as a business risk that was outside the scope of the product development project.

Second, the risks in the project, such as not having enough resources or not being able to finalize the project within the requested time plan, were discussed. Different risk factors were identified and analyzed through an exercise in which each risk was given an individual score. Then they were organized into different types of risks and each type was assigned a weight factor. The result of this was a long list of potential risks in order of seriousness. Finally, both preventive and corrective actions were identified.

Third, the technical risks in developing the E-line Alpha product and the issue of finding the right settings of the different design parameters were discussed. Again, the different risk factors were identified and analyzed and actions were defined.

All of the project team members had heard about the Positive Impact strategy, but it was not discussed in the day-to-day work. It was acknowledged that environmental issues were now more in focus in external media and that it was probably "right to develop the E-line products from a marketing and image perspective." However, the E-line Alpha project manager argued that there was no focus on the natural environment in the meetings at the Development Center.

Not even when I present this project in my small department, when we have departmental meetings... We don't talk about the natural environment but we talk about the status of the project... Not why we do it... The natural environment... it probably comes second; I think it does.

The project team was concerned about the tight time schedule. The team had already been “forced” to make a commitment to present the new product at one of the TPEs in 2008. These were important events with an external audience. Everything needed to be well prepared. The many “factors of uncertainty” in the project, combined with the short time left before the launch was due, led to the avoidance of as many potential risks as possible. This meant, for example, that new material that might have been considered for one of the product's components was not dealt with in this project since “we would get another factor of uncertainty, something that we can't control.” Similar decisions were taken for other issues. The focus was on meeting the 30% objective within the requested time plan.

Struggling to align top-down directives and actual work

By the end of February 2008, the next generation project manager felt that the different E-line product development projects were moving “slowly.” This included the E-line Alpha project. The clock was ticking and no real results had yet been developed. The next generation project manager was concerned that their very methodical step-by-step approach was taking too long.

The E-line Alpha team is using their very methodical approach, and any rule they can apply, they apply it. To me, it's not clear that..., even if you could logically say “no, we can skip that,” they won't. It's clearly not how they go about it...

The senior management was asking about how the projects were proceeding, and the time plan was brought up repeatedly. The next generation project manager talked to the sponsor about using an approach similar to the one that had been used for the E-line Nova1 and Nova2 products, which involved creating a fixed date for when the new products were to be launched and, in so doing, creating pressure for the project teams to come up with solutions and reducing the possibilities for the time plans to “slide to the right.”

The E-line Nova1 and Nova2 products got to a certain point and then the CEO and senior management chose a very fixed target date when they wanted to announce them. We are considering the same thing for this year. /.../ Do we allow them (the project

teams) to come back to us with a commitment, or do we simply tell them that, by a specific date, you will have the results, the CEO will present your results on that date; we could take any of those approaches.

In January, the E-line Alpha project team had already said that they were committed to presenting the results towards the end of 2008. It had now been accepted by senior management that launch would take place in October. Similar commitments were expected from the E-line Beta and Gamma projects.

In addition to the E-line product development projects, another Group project had been started. It was called E-line marketing. This project had to do with marketing and communication issues for the E-line products, such as external communication guidelines, branding, packaging, pricing, and overall product positioning. These issues were similar to the ones that had been part of the next generation project before it was redefined. The next generation project manager was now focusing on the product development aspects, which was the task he had originally been asked to do. But since all these other issues “rapidly became the most important part,” and since there had not been any clear ownership in the firm for the E-line products and these issues, he had had to deal with them for quite some time. He was still a “contributor” to the E-line marketing project but he did not need to manage the actual activities. However, there were expectations among the E-line project managers that he would somewhat coordinate the “bigger picture,” which included both the technology focus in their product development projects and the marketing and communication issues in the E-line marketing project.

In March there was another meeting with all the different E-line product development project managers. The purpose was partly to share information about the progress, partly to give “a general overall update” on the E-line initiative and the new E-line marketing project, and partly to allow for discussing and bringing up areas of concern. The different project managers presented their projects. The review of the work so far in the E-line Alpha project showed that they were on track and that they expected to have results ready in time to launch the new product in October 2008. This was well received by the next generation project manager and the sponsor. The fact that they had agreed “to go to hardware,” to develop real products “even though there is no real customer yet” was especially appreciated. There were more struggles with the E-line Beta and Gamma products; the teams had no support from their local managers to develop real products, and there had been a struggle to identify any customers. The next generation project manager described this:

The E-line Alpha team has agreed to go to hardware even though they don't have a fixed customer, a real customer yet. They have a segment that they're targeting, but they don't have a specific known customer. /.../ The E-line Beta team brought up the fact that they don't have local management support to make prototypes quickly without a customer... /.../ The E-line Gamma team showed a tremendous amount of analytical work... and they also said that their local management will not allow them to go beyond the analytical study without a customer.

The fact that the E-line Beta and Gamma teams did not have local management support to develop real products was discussed as a problem of "internal alignment of priorities." The next generation project manager said that it was part of his assignment to help to solve this situation. This was done primarily by repeated discussions and arguments with different stakeholders throughout the organization. Some of it took place during official occasions, such as steering committee meetings. However, there were also many unofficial talks where the requirements from senior management and middle management in the line organizations were discussed. Sometimes it was enough to improve the flow of information between people. At other times the different standpoints needed to be challenged and negotiated, in both directions. However, the general approach was still "to have technology push" and "to get results, measurable results."

There had been the aim that the different teams should share experiences and knowledge with each other. This had been supported in all discussions, but in practice not much happened. There were some telephone and e-mail contact, but not to the extent that had been talked about initially. When talking further about why it was like this, it was explained in terms of "human behavior."

Moving on step by step

In 2008 the E-line Alpha project proceeded step by step. There were many discussions and a lot of work related to the design of the new product. A large number of calculations and simulations were done with the support of a variety of tools in order to find a relevant setting of the design parameters. Considering the tight time schedule for the project, certain new potential changes to the design had to be dismissed since the risk of including them was seen to be too high. There was no room in the time plan for surprises, and the project team did not want to take more risk than necessary.

One of the team members spent some time at an engineering expertise unit in the US to get support in running some advanced engineering work. Another person worked a lot on the design of a specific critical component of the

product. A third person was arranging test rigs and defining protocols with parameter settings for the real tests. The fourth team member was working on the manufacturing technology and process, as well as a cost calculation for prototypes and series production.

Many engineering issues emerged throughout the product development process, but all of them were managed, and the project seemed to be on track to meet the deadline.

The design work was done during the spring of 2008. Manufacturing of the prototypes started as soon as the design was finalized, and the first physical products were ready for real tests in the beginning of the autumn of 2008.

As the launch was approaching, various marketing issues were brought up again, including the branding, marking, packaging, and pricing of the products. Such issues were outside the scope of this project, but they still needed to be managed prior to the market launch. Nobody on the project team knew how these issues were to be handled.

Other than the clear top-down requirements regarding the energy consumption target and the launch date, and some feedback that was received at the business gate meetings, little direct information from senior management reached the E-line Alpha project team. This was not seen as a problem, however, as the E-line Alpha project manager described it:

I don't see it, but I am sure that there is a lot of activity and many discussions that are not transferred down in the organization. /.../ We only hear about some decisions... 30% reduction of energy consumption, and it shall be ready by that date... apart from that I haven't heard much. But I don't know if it is needed, either. I guess that is why we have an organization... everyone doesn't need to hear everything...

As discussed, there was not much talk within the project team that related the E-line Alpha product to Positive Impact or to the increasing discussions in society at large about environmental issues such as global warming. The focus of the project was to reduce the energy consumption of the products. The fact that this in the end could lead to a reduction of carbon dioxide emissions and in turn contribute to combating climate change was not discussed. The E-line Alpha project manager described this:

Reducing the energy consumption is in a way part of the evolution of technology, but we don't explicitly say that the customer will save that much energy or carbon dioxide and so on... we don't.

The very methodical, step-by-step approach that was used in the E-line Alpha project seemed to be efficient, although along the journey there were several discussions about whether this would be the case or not. The next generation project manager was sometimes frustrated by the “obsession with rules, procedures, regulations, official processes, and all that kind of thing.” He was concerned that all such discussions would slow down rather than speed up the product development process.

Still, the process, the discussions and the decision making is all about, you know, how many more procedures can I put in place, rather than, you know, actually making progress.

Another frustration was the fact that some people in middle management used the requirements associated with the key business processes as arguments to slow down the activities. There seemed to be a strong resistance to allocating resources. Again, this was linked to the issue of not seeing any real customer need for these new products, while at the same time there was “a tremendous number of customer requests for other things.” Since there was a shortage of development resources it was difficult to “generate the alignment and the prioritization to reach the desired end.” Therefore, a constant level of negotiating was seen to be necessary.

At the same time as the E-line product development projects were running, the E-line marketing project worked on the branding, packaging, pricing, and positioning issues. There was also an increase in the number of sustainability initiatives started throughout the firm. A number of projects were running in the Corporate Sustainability department, in the sustainability organizations in the Business Divisions, in the R&D centers, and in other parts of the firm. However, these initiatives did not have much direct effect on the work in the E-line Alpha project team. They focused on fulfilling their commitment.

5.17 Struggling with ownership

In parallel with the product development work in the E-line Alpha project, the activities and discussions about Positive Impact continued. This mostly involved the people in the Corporate Sustainability department or in the sustainability organizations in the Business Divisions.

While the work to reduce carbon dioxide emissions from the operations continued successfully, the activities concerning the increase of the positive environmental impacts were still seen to be going too slowly.

There was now also more talk about the new sustainability framework, and Positive Impact was often presented as part of that. This sometimes made it

even more difficult for people to understand what the strategy was supposed to mean in practice.

It was often observed in the Corporate Sustainability department that the work related to sustainability in general and Positive Impact in particular lacked local ownership throughout the organization.

Sustainability in the key business processes

During the spring of 2008, a discussion was held between the Senior Vice President Corporate Sustainability, a sustainability manager of one of the Business Divisions, and an engineer from the R&D center. They talked about how to “develop tools to support sustainability in the key business processes.” The aim was to explore what it actually meant in relation to these processes that sustainability was now one of the official drivers for the firm. A sustainability manager in one of the Business Divisions expressed it in the following way:

If sustainability is really to be a driver, it has to be part of everything we do.

It was agreed that the Corporate Sustainability department would run a project to investigate this from a top-down perspective. The purpose was expressed as: “to support a further integration of sustainability into the MECH Group’s key business processes.” Meetings were organized with each key business process owner. The following information was sent by e-mail from the Senior Vice President Corporate Sustainability in advance of the meetings.

Dear Process Owner,

As sustainability is now a driver for the MECH Group and it is our intention to make it part of the way we do business, sustainability ought to find its way into our key business processes. /.../

All of the process owners agreed to meet. The points of discussion included how sustainability was defined, how it was important, how it was being managed, and how it could become further integrated into the processes. In addition to the discussions with the process owners, other meetings were organized with several other people who were involved in the different processes.

The project concluded that the awareness of sustainability was increasing, but that most people struggled to define what it meant in practice. It was argued that it was “one of many important messages” and that it “needed

further explanation and communication.” Sustainability could mean different things to different people and processes. This was also true for Positive Impact. It was discussed as now being part of the firm’s sustainability framework; however, what that actually meant was still not clear.

Many people argued that they wanted to integrate environmental and social concerns into their actual work. However, they argued that it was “seldom any primary motive for taking a business decision”; rather, it was mostly seen as a “bonus effect.” Also, it was unclear how to measure the performance, both in terms of sustainability in general and Positive Impact in particular.

All in all, there were few explicit references to sustainability in the key business processes. There were, however, many interesting ideas being brought up in the discussions, and the project was seen to having “identified many areas of interest for further work.”

It was also stated that there needed to be “alignment” vertically between “the top and the bottom” and horizontally across the Business Divisions.

In addition to this project there were also some specific parallel activities being run to support an integration of sustainability into subprocesses and practical work. For example, there was a discussion about how to manage environmental and social impacts in the NOP and PDP. The purpose that was described to the employees was “to drive sustainable development as part of what we do – not on top of what we do.”

The general feeling was still that the ownership for sustainability in general, and Positive Impact in particular, needed to be further strengthened.

Planning for a sustainability meeting

Considerable resources had now been allocated to support work on sustainability. In 2007 there had already been several discussions in the Corporate Sustainability department about organizing a large meeting with the people who were working on these issues. The purpose would be to create formal and informal networks and to support the sharing of information. It was also about trying to align the many activities that were sometimes seen to be developing in various directions.

In September 2008 the Senior Vice President Corporate Sustainability sent out an invitation to more than 20 individuals to attend “a sustainability meeting.” These people were in some way involved in activities related to this subject. They represented Corporate Sustainability, the sustainability organizations in the Business Divisions, and some of the key business processes. Following is an extract from the invitation:

Dear all,

As a result of the increased focus on Sustainability in the MECH Group, the number of people with specific and direct responsibilities in this field has increased significantly in the last year or two. We now have a unique opportunity to really integrate Sustainability principles into everything we do, and your role in doing so is absolutely essential.

In order to make sure we convert this opportunity to success, we need to work together in an effective, efficient, and dynamic way.

Many of us working on Sustainability in the various organizations and functions are already in contact, some close, but it is fair to say that the overall network is still quite underdeveloped. Therefore, LET US MEET. /.../”

I would propose that during the course of this day, each individual or team make a presentation on their function, which should include:

- A description of the organization
- The role of the team / individual
- The sustainability direction you are taking
- Current and planned activities

We should then take the opportunity to have more general discussions before adjourning for dinner and less formal networking opportunities. /.../

There was a lot of positive response from the invitees to this meeting. However, the overall business now experienced uncertainties and therefore due to “the current circumstances it was decided to postpone the meeting.” This decision had been taken by senior management.

5.18 Launching the E-line Alpha product

By October 2008 the new E-line Alpha products were ready to be launched in line with the commitment made earlier. Towards the end of the project there was a celebration at the product development center. The sponsor gave a lot of positive feedback to the project team for a well managed project. The next generation project manager also gave positive comments.

The E-line Alpha project manager was happy that the project team had successfully developed and produced a new product and that the goal of

reducing the energy consumption by 30% had been fulfilled while at the same time the agreed time plan had been kept.

The CEO made the presentation of the E-line Alpha products together with the E-line Beta products at the official launch. The E-line Gamma products were not yet ready to be launched.

The press release underlined that real testing had been done and that the new products provided an energy consumption reduction of at least 30% compared to standard products. It also made a connection to the fact that in 2007 the MECH Group had introduced the E-line Nova1 and Nova2 products and that the range of E-line product types would continue to expand as market demand was increasing.

At the final steering committee meeting in November 2008 the E-line Alpha product development project was evaluated. It was agreed that the project had had many positive aspects, such as the structure in the product development process; the good cooperation within the team; and the clear focus, which had made it possible to deliver the new product within the agreed time plan. Some problematic aspects were also discussed, the most significant one being the issue of not having a business case to start from. The manager of the identified market segment to which these new products would be marketed participated in the meeting. The next steps in the launch were discussed, and it was agreed that the market segment organization would take responsibility for that from then on. The E-line Alpha product development project was thereby finalized.

Towards the end of 2008 the E-line products were often used as concrete examples of, (or business cases supporting) Positive Impact. They were held up as evidence of the MECH Group's commitment to making a positive impact on the natural environment. The actual products and the strategy had gradually become more and more interrelated. The E-line products had become an essential part of Positive Impact.

The E-line Alpha product was launched to the defined market segment. The first real tests at the customer's site were successful.

During 2009 an external organization awarded the E-line products with an Innovation Prize, stating that "this year's winner has set a new standard for how innovation and commercialization go hand in hand." Further, it was observed that "the MECH Group had packaged technology innovations with regard to climate change and energy efficiency in a vision for the whole company – Positive Impact."

The issue of understanding the meaning of the new strategy was brought up repeatedly throughout the field study, and it was still an issue when the collecting of empirical material was ended in 2009. There were many discussions about whether the environmental impacts should be quantified.

Even though the E-line products had been developed, there were still many discussions about what “Positive Impact” actually meant. At a Corporate Sustainability departmental meeting, the fact that many employees wanted the strategy to be further defined was again discussed. It was debated whether a more detailed definition should come from the Group level or if it should be allowed to evolve locally. The following discussion between two of the members of the department illustrates these different approaches:

Person A: Positive Impact needs some further definition. Employees are struggling to understand what it really means, and they discuss and debate this rather than focusing on real activities.

Person B: Well, I am not sure that that is a bad thing. Isn't it good that it is being discussed and that the employees are trying to find out for themselves what Positive Impact means to them?

Person A: Yes, but I think we need some stronger definitions from the Group level. In fact, this is also being asked for. People want us to say what Positive Impact means and what priorities there are from the Group.

Person B: Well, but if we tell people exactly how they should prioritize, we would be doing the job for them. And we would kill the creativity as well, I think.

Throughout 2009 there were discussions to broaden the scope of Positive Impact. The concern was that the strategy had become too focused on energy consumption and carbon dioxide reductions. The matter of whether, and if so how, to include additional environmental issues was now being discussed.

5.19 Summary and reflections

The empirical material illustrates two important phenomena: the practice of strategy formation in general and the practice of the greening of business in particular. The findings can therefore make contributions to two different scholarly fields: strategic management, and organizations and environment, respectively. The detailed accounts have shown that the overall story in fact consisted of two different processes: the formation of Positive Impact and the development of the E-line products. These were dynamically interrelated over time. Figure 10 illustrated the main sequences of events. Two different phases can be distinguished. First, there was the period of time up until the meeting to discuss the anniversary. This can be characterized through the disconnection between, on the one hand, the strategizing at the top of the hierarchy, and on the other hand, the actual doing of work at the lower levels in the firm. The strategizing at the top was about activities to initiate and launch Positive Impact. This included, for example, the CEO's sensing of the need for strategic change in 2004, the first workshop in the Tiger Team to formulate an "environmental vision," the launch of the new strategy by the CEO at a management conference in March 2005, and the development of an implementation plan in the Tiger Team's second workshop. The doing of work at the lower levels in the firm can be described as business as usual. These activities were done with little or no reference to the talks about Positive Impact at the top of the hierarchy, but, in retrospect, they have proven to be important for the new strategy. For example, it was described how the green products project started to form at one of the R&D centers. It focused on evaluating new technological concepts for energy consumption reduction. The early activities therein can represent the start of the E-line product development process.

Second, there was the period of time from the meeting to discuss the anniversary and onwards. This can instead be understood through the increasing connections between the activities at the top and bottom. In fact, the conceptual ideas that were being implemented in a top-down manner over time turned out to converge with the real doing at the bottom. Of course, the actual meeting in the summer of 2005, when the sustainability theme for the upcoming 50th anniversary was discussed, was an important event. So, too, were the launches of the new E-line Nova1 and Nova2 products at the anniversary in February 2007, and the E-line Alpha products in October 2008. As time went on, increasingly stronger links between the E-line products and Positive Impact were demonstrated. There were no connections before the meeting to discuss the anniversary. At this meeting, the green products were

identified as potential examples of Positive Impact business cases. When the first E-line products were launched, they were described as “products that would contribute to achieving our Positive Impact target.” Finally, when the field study ended in 2009, and also when the E-line Alpha products had been launched, these products were often presented as part of the strategy. At the same time, Positive Impact was often exemplified by the E-line products; they were then clearly interdependent. It can be noted that many of the happenings that contributed to this convergence can be found in the activities in between the top and lower levels. There were, for example, many face-to-face meetings and iterative discussions in committees and working groups of various kinds during the development of the E-line products, including the many interactions in the next generation project. Such activities not only served to align the many different ideas and points of view among the participants, they also made the strategy intentions at the top more explicit to the employees at the lower levels, while at the same time, the knowledge about the actual doing in the firm was channeled from the lower levels to the top.

How did the actual doing compare to the intentions? The actual doing with regard to Positive Impact, up until the field study ended in 2009, can be summarized in two statements. First, there were the activities to reduce the negative environmental impacts through reducing carbon dioxide emissions and energy consumption of the MECH Group operations. Second, there were the activities to increase the positive environmental impacts through reducing the energy consumption of the new E-line products. As the comparison in Table 3 illustrates, these activities were quite different from the leadership intentions at the initiation and launch of Positive Impact in 2005.

Table 3: Comparison between the actual doing and the leadership intentions

The actual doing up until 2009	The leadership intentions in 2005
<p>Activities to reduce the negative environmental impacts. Focus was on reducing carbon dioxide emissions and energy consumption of the MECH Group's operations.</p>	<p>Activities to reduce the negative environmental and social impacts. Examples initially brought forward included:</p> <ul style="list-style-type: none"> • Reducing carbon dioxide emissions from the MECH Group operations by 5% annually, defined as a target • Reducing energy consumption • Reaching zero accidents in operations, defined as a target • Increasing recycling • Reducing waste
<p>Activities to increase the positive environmental impacts. Focus was on reducing the energy consumption of the new E-line products. Other products and services with similar performance characteristics were also being considered. A decrease in energy use in the customers' applications was seen as an increase in the positive impacts from the MECH Group.</p>	<p>Activities to increase the positive environmental and social impacts. Examples initially brought forward included:</p> <ul style="list-style-type: none"> • Developing health and fitness programs for the employees • Running corporate social responsibility projects in local communities • Developing new innovative products and business that would improve energy efficiency and environmental performance for the customers

The comparison shows clear differences. Let us first discuss the activities undertaken to reduce the negative impacts. It turned out that the actual doing that referred to Positive Impact focused on reducing carbon dioxide emissions and energy consumption. Most other environmental issues as well as the social impacts were excluded from the scope of this new strategy.¹⁵

Similarly, the activities aimed at increasing the positive impacts in practice came to focus on the E-line products, which in turn aimed at reducing energy

¹⁵ It should be noted, however, that the other environmental issues and the social impacts were included in other activities, which were not explicitly part of Positive Impact. For example, the new sustainability framework, which started to be used in 2006, included essentially all the aspects that had initially been part of Positive Impact.

consumption. Any other environmental issues and all the social issues were, again, included in only some of the initial discussions about the strategy, but they were mostly excluded from the actual doing.

The case of Positive Impact thereby supports a fact that has been shown in a number of studies in the past, namely, that a firm's realized strategy can often differ from the intended strategy (e.g. Mintzberg, 1978; Mintzberg and Waters, 1982; Mintzberg and McHugh, 1985).

How can the situatedness of the activities in this story be understood? The Positive Impact story illustrates a dynamic evolution of a new strategy over time. This real-time study has uncovered how a number of different activities were happening, sometimes sequentially and at other times in parallel. Many of them were iterative. For example, as discussed above, the strategizing at the top was, in the beginning, disconnected from the doing of work at the lower levels, but they became increasingly connected.

Moreover, the activities took place in unique settings within the firm. There were different inner contexts (Pettigrew, 1987), each of which can be referred to structural positions in the hierarchy (e.g. Burgelman, 1983a). Strategy turned out to mean and imply different things in these settings. For example, Positive Impact was often, among those at the top of the hierarchy, discussed as a new *position* (e.g. Mintzberg et al., 1998; Porter, 1996) in the marketplace. There was an opportunity to increase sales of new products and services while at the same time doing the right thing for the natural environment and the global society (cf. Hart, 1997; Porter and van der Linde, 1995). When the implementation plan was developed by the Tiger Team, strategy was also seen as a *plan* (e.g. Mintzberg, 1987a; Mintzberg et al., 1998). This was the dominant view of strategy, which was also supported by the official strategic planning process. Strategy was also a *pattern* (e.g. Mintzberg, 1987a; Mintzberg et al., 1998). This was not explicitly referred to by the informants, but it could be identified in the empirical material, especially in relation to the activities of those at the lower levels. The people between the top of the hierarchy and the lower levels needed to somehow manage these conflicting ideas about strategy.

Finally, this particular strategy formation process was subject to ideological concerns. It involved a questioning of the role of business. Positive Impact was about strengthening the competitive advantage of the firm, but it was also about increasing the positive environmental impacts and doing good for the global society. The actual integration of environmental issues into business strategy was a new challenge that had not been part of the MECH Group's strategic agenda in the past. This was shown, for example, in senior management's struggle to find ways to explain what the new strategy was all about, and in the challenges for the engineers in the product development departments to

develop products that were supposed to be good both for business and for the natural environment. This situation demanded new ways of doing things in the MECH Group. There was a need to “think out of the box,” to “shake up the organization,” and so on. At the same time, there was the need to work in line with the existing approaches, such as by “following the procedures” and learning from past experiences.

Who was involved and what did they actually do? This story has shown that strategy formation is a rich phenomenon that can involve several people, activities, and practices. There were, for example, the CEO participating in workshops with the Tiger Team, trying to develop a strategy that was supposed to be “sound for both the environment and business”; middle managers discussing and debating the necessity and appropriateness of developing a new product for which there was no clear business case; engineers in a product development department calculating the expected performance levels of a new product, in line with the traditional ways of doing things; corporate staff members attempting to balance, on the one hand, the needs for further top-down definition of the strategy and, on the other hand, the aim to create a “sense of ownership” among the employees; project managers and steering committee members discussing, explaining, and trying to cope with conflicting demands from the top and the lower levels; and other people occupied with writing and rewriting plans, preparing and presenting PowerPoint slides, investigating business opportunities, launching new products to the market, and so on.

The story has also shown that some activities, which at the time might be seen as nothing more than routine work, in retrospect can prove to have strategic outcomes.

Was this a successful process? A typical measure of success that is often referred to in strategic management studies is firm performance. It should be noted that even though the extensive material that has been collected in this study can be useful in many respects, it lacks information about the direct impact from this new strategy with regard to the firm’s performance. Such information was not yet available when the field study was ended. However, a couple of points can be discussed to explore whether the Positive Impact story is one that offers useful lessons.

It can be argued that making the effort to integrate environmental issues into the business strategy was the right thing to do. This happened during a period when the general awareness of environmental issues was growing in the society at large. For example, a great deal of scientific evidence concerning the serious threat climate change posed to the planet was being brought forward (e.g. IPCC, 2001, 2007). It was communicated in research publications, books,

films, and discussions in the general public. Global warming's effects on the everyday lives of people and firms were discussed as substantial concerns. The point of view that firms like the MECH Group would have a responsibility towards the natural environment gained more and more acceptance. At the same time, there were also opportunities to strengthen competitive advantage (e.g. Porter and Van der Linde, 1995). Many business leaders were starting to question business as usual and trying to adapt their firms to meet the new challenges. These issues were moving higher up on the strategic agendas.

It is more difficult to judge whether it was done in the right way. On the one hand, there are a couple of points that indicate that the outcome of the process was successful. For example, the E-line products and the Positive Impact strategy received external awards. From such a relatively objective external perspective, this effort was highly and positively recognized. Moreover, these products were often being brought forward in internal discussions as good examples of environmentally sound products. On the other hand, there were a number of contradicting viewpoints from the internal perspective. Some people expressed skepticism about the outcome so far, and about the process of getting there and the anticipated future results.

All in all, it can be difficult to decide whether the findings and the implications that will be presented in the last chapters of this thesis should be read in the light of a "good" or "bad" case. It is left to readers to judge for themselves.

6 THE PRACTICE OF STRATEGY FORMATION AND THE GREENING OF BUSINESS

The aim of this chapter is to improve our knowledge about the details involved in the strategy formation process and the greening of business. A grounded understanding will be developed based on multi-level analyses of the practitioners and their doing in different kinds of activities that have strategic outcomes.

The findings from this study will contribute to closing the gap between the existing theories about the practice of strategy formation and the greening of business, and the actual empirical phenomena. A more nuanced understanding will be uncovered, including different practitioners and their actual doing in various micro-contexts (e.g. Jarzabkowski, 2005; Johnson et al., 2007; Whittington, 1996, 2006; Wooldridge et al., 2008). These activity-level details will provide clues about the firm-level convergence of deliberate and emergent strategies (e.g. Mintzberg, 1978; Mintzberg and McHugh, 1985, Mintzberg and Waters, 1982, 1985). They will also illustrate the management struggle in the greening of business and thereby provide a more substantiated and realistic account in contrast to the many normative ideas that can be found in the existing literature (e.g. Banerjee, 2001; Behnam and Rasche, 2009).

The analyses presented below will develop a grounded understanding of the empirical phenomena based on a conceptualization of the Positive Impact story. It will be built up from detailed examinations of different kinds of activities that have strategic outcomes. As discussed in chapter 2, in most cases it can only be known in hindsight whether or not a certain activity is important to the realized strategy. This study has adopted a broad view that takes into account the possibility that, in principle, any activity can potentially have strategic outcomes (Jarzabkowski et al., 2007). Two categories of activity were introduced in chapter 2 and will be further analyzed in this chapter:

- i. strategic activity, which has been defined based on previous literature as: *activity that is intended to have strategic outcomes,*
- ii. unintended consequential activity, which has been defined by me as: *activity that is not intended to have, but that in reality has, strategic outcomes.*

This chapter will proceed in the following way. The overall concepts will first be introduced, in section 6.1.

Thereafter, the situatedness (Jarzabkowski, 2005) of the activities will be explored, in section 6.2. This will include characterizations and analyses of the temporal positions, structural locations, and activity foci.

The different kinds of activities will then be examined, in section 6.3. The analyses will include details about the practitioners and their actual doing.

This will be followed by an analysis of the various integrating functions and roles that can be found within the evaluative activities, in section 6.4. Figure 16 illustrates how this chapter will gradually zoom in on the details.

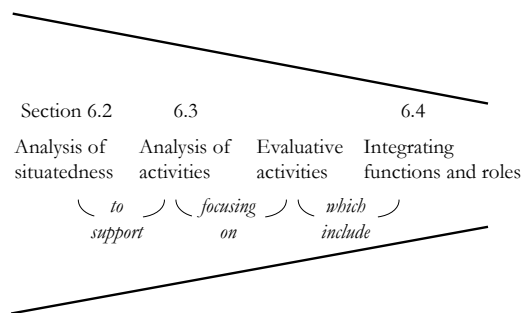


Figure 16: The gradual zooming in on the details

6.1 Introduction to the overall conceptualization

Figure 17 provides a schematic illustration of the conceptualization of the Positive Impact story. It has been constructed to support the multi-level analyses provided in this chapter.

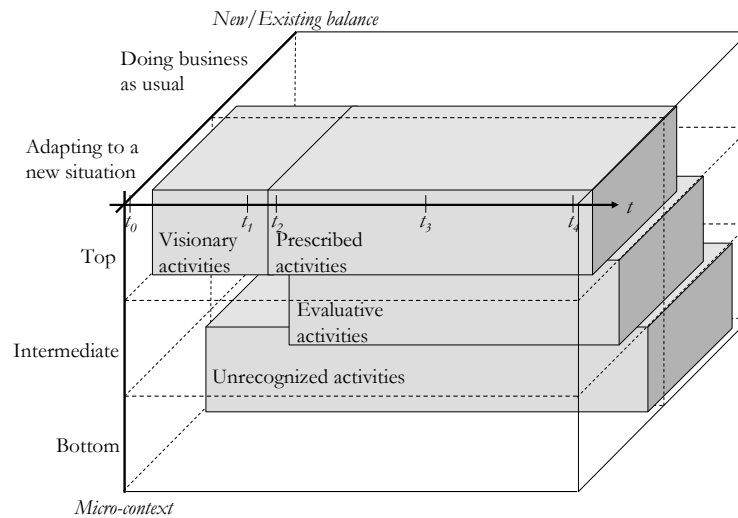


Figure 17: Schematic illustration of the conceptualization of the Positive Impact story

This conceptualization needs first to be broadly explained. Three different dimensions have been found useful in characterizing the situatedness (Jarzabkowski, 2005) of the activities: i. *timeline*, ii. *micro-context*, and iii. *new/existing balance*.

- i. The timeline includes the following important points of time: the start of the strategy formation process at t_0 ; the launch of the new strategy to a larger audience at t_1 ; the first connection of the different kinds of activities at t_2 ; the launch of the new products at t_3 ; and finally, the end of the study at t_4 .
- ii. The micro-context shows three different settings within which the activities took place: *top*, *intermediate*, and *middle*.
- iii. Finally, the new/existing balance presents two fundamentally different foci of the activities: *adapting to a new situation* and *doing business as usual*.

Four kinds of activities that have strategic outcomes have been identified: 1. *visionary*, 2. *prescribed*, 3. *unrecognized*, and 4. *evaluative*.

1. The *visionary activities* informed the strategy intentions. These were strategic activities. They mainly took place from the start of the process at t_0 until the launch of the new strategy to a larger audience at t_1 . There were, however, also sporadic moments of visionary activity throughout the whole process. These activities originated in a micro-context, which is called *top*. The activity focus was mainly about *adapting to a new situation*.
2. The *prescribed activities* were informed by the strategy intentions. These were strategic activities, since they were intended to have strategic outcomes. They happened from the launch at t_1 until the point in time when the study was ended at t_4 . Again, they originated in the *top* micro-context and the activity focus was mainly about *adapting to a new situation*.
3. The *unrecognized activities* were not informed by strategy intentions. These were unintended consequential activities. In other words, they turned out to have strategic outcomes even though this was not the intention up-front. They happened throughout the whole process, from t_0 to t_4 , and originated in a micro-context that is called *bottom*. The activity focus was mainly about *doing business as usual*.
4. Finally, the *evaluative activities* were informed by strategy intentions, which in turn were informed by the activities. These activities were shown to include both strategic activities and unintended consequential activities. More specifically, they provided an integrating mechanism for these two categories of activity. They took place from the point in time when the strategy was launched at t_1 until the end of the study at t_4 . They originated in the *intermediate* micro-context. The activity focus was about simultaneously *adapting to a new situation* and *doing business as usual*.

A reflection about the simplification of reality, which is found both in Figure 17 and in the different analyses that follow, needs to be shared. As in most organizational science, the reality is messier than the theoretical representation. Naturally, any kind of conceptualization risks losing the richness of reality. When the level of abstraction is increased, the detailed nuances have to be traded off against more general patterns. The aim has been to find an appropriate balance between these aspects.

6.2 Analysis of the situatedness

The timeline

Strategy formation is located in time (e.g. Pettigrew, 1977). The Positive Impact story has provided rich accounts from a number of events and activities during a five-year period. In the conceptualization of the timeline, the following important points of time have been identified: the start of the strategy formation process at t_0 ; the first launch of the new strategy to a larger audience at t_1 ; the connection of the prescribed and unrecognized activities at t_2 ; the first launch of new products at t_3 ; and finally, the end of the study at t_4 . The temporal positions of the different kinds of activities are shown in Figure 18.

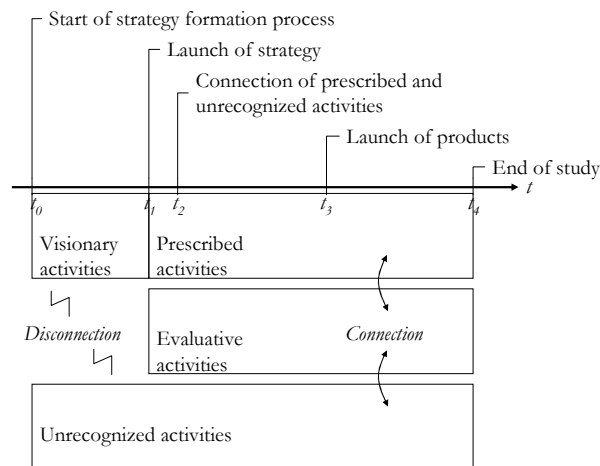


Figure 18: The timeline in the Positive Impact story

The visionary activities mainly took place from the start of the process at t_0 until the launch of the new strategy to a larger audience at t_1 , but there were also some sporadic moments of visionary activity later on. They were followed by the prescribed activities, which started after the launch at t_1 and continued until the end of the study at t_4 . The unrecognized activities were done in parallel throughout the whole process from t_0 to t_4 . They were disconnected from the visionary and prescribed activities during the period t_0 - t_1 , but they were connected to them between t_1 and t_4 . Finally, the evaluative activities started at the launch of the strategy at t_1 and continued until t_4 .

Some further explanations and reflections about the different points in time and the episodes in between them will be presented below.

Start of the strategy formation process: t_0

It can seem intuitively clear that the actual activities regarding this particular strategy were started at a certain point in time. The exact timing, however, can be difficult to define. One important event was the meeting between the CEO, the Senior Vice President HR, and the manager of the Environmental Affairs department, during which it was decided to assign a task force to develop a new “environmental vision” for the MECH Group. Such allocation of resources is often regarded as crucial to strategy development (e.g. Noda and Bower, 1996).

However, it needs to be remembered that this decision was preceded by a number of other happenings. The CEO, for example, had been inspired by both internal and external input. He knew from experience that the MECH Group’s main products could potentially play a different role in the firm’s strategy. It was known that they could provide a significant reduction of the energy consumption in the machinery on which they were used. In addition, he had read about other firms’ activities in this area, such as the Toyota Corporation’s work with a zero-emissions target. Moreover, the environmental issues were being increasingly discussed in the society at large, and such input also reached the CEO. Time and effort were spent thinking about these things.

Therefore, it can be argued that important activities took place before the task force was created. The sensing of the need to actually “do something fundamental” can be seen as a process of sensemaking during which the CEO developed an understanding of the intended change in relation to the firm’s internal and external environment (Gioia and Chittipeddi, 1991). Eventually, a tipping point was reached where the focus turned from thinking into actual doing. The CEO argued that the meeting in which he had participated at the university “triggered Positive Impact.”

What triggered Positive Impact for me was a presentation I went to. /.../ There was a big meeting at the university and many businesspeople were there. /.../

In this study, it is that tipping point that marks the start of the strategy formation process (t_0). However, as discussed above, different starting points could have been chosen.

It seems that there is no common, consistent definition of what the start of a new strategy formation process actually means. This important point in time is rarely defined in other studies.

The time period t_0 - t_1 included two kinds of activities. It can be argued that they were disconnected. On the one hand, there were the visionary activities. This early phase of the process can be discussed in terms of strategy formulation. The actual doing of the Tiger Team and senior management resulted in something that can be seen as an initial intended strategy.

On the other hand, there were the unrecognized activities in the green products project. At the time, these were nothing but regular day-to-day engineering activities. It was not until later that it turned out that these would become important to Positive Impact.

First launch of the strategy: t_1

The second important point in time was the first launch of the strategy to a larger audience. This public declaration of the change effort is called t_1 in Figure 18. It was a special occasion. The conceptual ideas that had been thought out and formulated as an intended strategy in a set of PowerPoint slides were then supposed to be turned into concrete actions. It was viewed as a critical intersection between the strategy formulation and implementation processes. People from this point on were expected to come up with concrete activities to support the realization of the new strategy. This can be described as a process of sensegiving, during which some abstract ideas were communicated downwards in an attempt to influence the sensemaking of others (cf. Gioia and Chittipeddi, 1991).

It should be remembered that very few people had heard about Positive Impact before it was launched by the CEO at the management conference in March 2005. At this event more than 200 managers learned about it.

As discussed, there were many different questions about what this new strategy was all about and where it had come from. For example, the scope of it, which referred to economic, environmental, and social impacts, was new. There was a lot of questioning and its relevance for the firm was debated. There was instability in the understanding and interpretation among the employees. The fact that most people did not understand the new strategy when it was launched was confirmed by the CEO:

When we launched Positive Impact internally, most people didn't understand it, what we wanted to do, to be quite honest. And we spent a lot of time talking about it...

Positive Impact was further communicated through a cascading procedure during which the strategy was presented down through the hierarchical levels. This approach was promoted in the firm's official strategic planning process.

The actual doing thereafter varied substantially. Employees generally had problems relating to the new strategy. They were starting to ask for real business cases that could explain what the conceptual ideas were supposed to mean in practice, and there was a search for concrete examples. In particular, the middle management in the business operations did not know what to do with it. This struggle continued for a long time.

A couple of reflections need to be shared. When, if at all possible, can it be argued that an intended strategy has been launched? Let us again look at the case of Positive Impact. Was it launched when it had been presented to more than 200 managers at the conference? Or, was it when all relevant people had been informed about it; or, when they had understood the basic purpose of it; or, when they had made sense of their role in it? In fact, it turned out that *the so-called launch was in reality a continual process over time. It was not the discrete event that it might be assumed to be.*

What, then, is an intended strategy? A common assumption seems to be that it is something launched at a specific point in time. It is often seen to represent the strategy intentions at that moment. However, if we follow the argument above, *it can be argued that the intended strategy can change over time. This study has thereby illustrated the fluidity of this concept. There can essentially be a unique intended strategy at each point in time.*

The time period after t_1 can be seen as the start of the Positive Impact strategy implementation. After all, an intended strategy had at that time been presented to quite a large number of managers, and senior management started to shift their focus from the formulation of the conceptual ideas into concrete actions. At the same time it can be seen as a continuation of the strategy formulation. Even though it can be argued that the focus was on implementation, it needs to be remembered that the intended strategy would come to be adapted later on. Thereby, *this study has demonstrated that the strategy formulation and implementation processes can be iterative rather than sequential.*

The time period immediately after the launch included in principle three types of activities. There were the prescribed activities related to developing an implementation plan and carrying it out. These were based on the intended strategy. As before, there were also the unrecognized and disconnected activities in the green products project. Finally, there were the evaluative activities.

Connection of the prescribed and unrecognized activities: t_2

It can be argued that the prescribed and unrecognized activities first got connected at a specific point in time. This was critical to the strategy formation process. It served as an opportunity for distributed sensemaking in developing

a framework by which the intended strategy could be understood in more practical terms (cf. Gioia and Chittipeddi, 1991). It is shown with the symbol t_2 in Figure 18.

Up until t_2 , the formation of Positive Impact had coexisted in parallel with the early activities in the development of the new E-line products. In other words, the conceptual ideas that were discussed at the top of the organizational hierarchy had been disconnected from the day-to-day business operations at the bottom. The specific meeting to discuss the sustainability theme for the upcoming anniversary provided an opportunity for connection. On this occasion, the CEO became interested in the green products project, as the manager of the R&D centre described it:

I made a presentation. /.../ “Green products,” that was the title of the slide. /.../ The CEO liked that quite a lot, so he became very interested in the green products. /.../ And then the ideas took off, we started talking and looking at the possibilities of design...

The activities in the green products project can retrospectively be seen as part of an emergent strategy (e.g. Mintzberg, 1978; Mintzberg and Waters, 1985). The search for concrete strategy examples had initiated a convergence between Positive Impact and the E-line products.

It can be argued that we need to improve the understanding of the details of such critical events. This could provide clues about the mechanisms involved in closing the gap between the leadership’s strategy intentions and what is actually happening in the organization. Typical inquiries could include: Who is involved? What do they actually do? and What practices are they using? I will come back to these kinds of questions later in this chapter.

The time period t_2 - t_3 included three types of activities that gradually started to become connected. There were the prescribed activities to implement plans and carry out predefined activities.

As before, there were also the unrecognized activities in the engineering departments that seemed, at the time, to have little to do with the strategy.

Finally, there were the evaluative activities. Let us for now just note that they were instrumental to the convergence between the prescribed and unrecognized activities. The details, in terms of which practitioners were involved and what they actually did, will soon be examined.

First launch of new products: t_3

Another important moment in the strategy formation process was the first launch of the new E-line products. At this point in time, some concrete

examples of what the new strategy was supposed to mean in practice were shown to a larger audience. It is represented by the symbol t_3 in Figure 18.

Up until t_3 , only a few people had been able to explain what the new strategy was actually supposed to be all about. Through the launch of the new products, the conceptual ideas were turned into something that was more practical and could be more easily understood in relation to the day-to-day concerns. The new strategy was now exemplified through innovation and product development, which were at the core of the business strategy of the MECH Group. It should be remembered that the new E-line products at their launch at the anniversary were presented as part of the Positive Impact strategy. At that time many people in the firm came to learn about this connection, as one middle manager expressed it:

First, people didn't understand Positive Impact. Since the anniversary it is clear what we mean. /.../

Through this event, more and more people arrived at a better understanding of the strategy. It can be seen as materialization of the concepts.

Was this part of the strategy formulation or implementation? It is possible to argue for both. On the one hand, the strategy intentions became much more oriented towards the E-line products. In other words, the strategy formulation was adapted. On the other hand, the launch of these products served as the concrete examples that people had been asking for. In other words, the strategy implementation was supported. Thereby, again, this study has shown that these processes can be iterative.

As previously, the time period t_3 - t_4 also included three types of activities that were becoming increasingly connected. Again, there were the prescribed activities to implement plans and carry out predefined activities. They were now more and more affected by the E-line products.

As before, there were also the unrecognized activities in the engineering departments. At the time, these seemed to have little to do with the strategy. However, the actual doing started to become redefined and reprioritized so that it actually supported Positive Impact. It should be noted that this connection to the strategy discussions in the top was often not considered by the people who were doing the actual engineering work. They focused on fulfilling their tasks.

Finally, there were the evaluative activities. It can be argued that these drove the convergence between the prescribed and unrecognized activities. Again, the details will be examined later in this chapter.

End of the study: t_4

The last important point in time was the end of the study. This is shown by the symbol t_4 in Figure 18. Naturally, the field study had to reach a final point. It should be noted, however, that this was not the end of the strategy formation process.

Positive Impact was, throughout the five-year period of this study, never completed. *Different kinds of activities drove the strategy to evolve over time. It was continuously being constructed* (Jarzabkowski, 2005). This was a matter of becoming rather than being (Tsoukas and Chia, 2002).

What, then, is a realized strategy? If strategy is never completed, one can wonder what this concept actually means. A common understanding seems to be that the realized strategy is something, for example a pattern of activities, that can be observed at a later point in time. It is often being compared to the intended strategy, formed at an earlier point in time. As this study has shown, *the realized strategy is fluid. It can change dynamically and must be understood in relation to the timeline.*

The micro-contexts

The analysis has revealed clear differences between the settings within which the activities took place. Three intra-organizational (Whittington, 2006) micro-contexts were identified: *top*, *intermediate*, and *bottom* (cf. e.g. Burgelman, 1983a; Noda and Bower, 1996). It should be noted that these are all inner contexts (Pettigrew, 1987: p. 657), that is, they refer to particular settings within the firm “through which ideas for change have to proceed.”

As shown in Figure 19, the visionary and prescribed activities originated in the top, the evaluative activities were based in the intermediate, and the unrecognized activities were done in the bottom micro-context. The characteristics of these will now be examined.

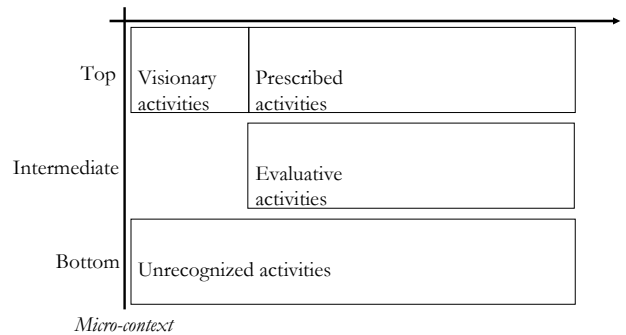


Figure 19: The micro-contexts in the Positive Impact story

Top

The micro-context called top was found high up in the organizational hierarchy (cf. Burgelman, 1983a; Noda and Bower, 1996; Regnér, 2003). It can be characterized by a strategy content that was *abstract*, meaning that it was mostly conceptually described in words and images that made little or no direct references to the day-to-day business concerns.

For example, it was argued that Positive Impact would make sense from the perspectives of both the natural environment and the business. However, it was not made clear what these conceptual ideas were supposed to mean in reality. Many people, in fact, did not understand the new strategy, as one of the Tiger Team members expressed it:

/.../ Today, managers and subordinates do not understand what Positive Impact is. They are aware of the new additional Group target but very few people can actually explain what it incorporates. /.../ The term “Positive Impact” is so unique that it certainly creates curiosity but also confusion. /.../

The senior management were expecting that employees would come up with concrete actions and decisions by themselves. They were required to figure out how this strategy would make sense (cf. Balogun and Johnson, 2004) in their local contexts.

The strategy process can be regarded as *formal and sequential* (e.g. Ansoff, 1965; Chandler, 1962). Strategy was mostly viewed as a plan and a planning process. There was an emphasis on the sequential logic of formulation, implementation, and follow-up. Formal structures and control systems to motivate employees to behave in certain ways were promoted. It can be seen as an induced process (Burgelman, 1983c, 1991). This was shown, for example, in the MECH Group’s official strategic planning process. It was found in the deliberate process to first formulate the intended strategy, then to develop its implementation plan, and finally, to follow it up. However, as discussed, this turned out to be problematic in reality.

The strategy rationale was *clear*. In other words, the motives were consistent and well articulated. There seemed to be no doubt in the top micro-context about why the new strategy was being developed. The CEO and the senior management in particular presented clear business motives and ethical concerns in relation to the new strategy. It was argued, for example, that Positive Impact was about finding a new position in the marketplace and increasing sales of new products and services while at the same time doing the right thing for the natural environment and the global society (cf. Hart, 1997; Porter and van der Linde, 1995). It can be illustrated by the following statement by the CEO:

This strategy would help differentiate the MECH Group; it would help give the MECH Group a position as not only a leading engineering company but also a company that can actually fundamentally help and take a leading position from a sustainability viewpoint, especially from the environmental viewpoint.

These characteristics are summarized in Table 4.

Table 4: Characteristics of the top micro-context

Strategy content	Abstract
Strategy process	Formal and sequential
Strategy rationale	Clear

Intermediate

The micro-context called intermediate was found between the top and bottom in the organizational hierarchy (cf. Burgelman, 1983a; Noda and Bower, 1996). It can be characterized by a strategy content that was *practical*. In other words, it was about material things that were relevant to both the abstract intended strategy in the top and the day-to-day reality in the bottom. The most visible practical strategy content was the group of E-line products. It was through such practical examples that the tensions between the firm and activity levels were balanced (e.g. Salvato, 2003).

The strategy process can be regarded as *semiformal and iterative*. It was a merger of the formal and sequential process at the top with the discontinuous process at the bottom. The strategy intentions and the actual doing were changing over time through both formal and informal repetitive discussions.

This included the “not very structured” process of identifying the green products project and connecting it with Positive Impact (cf. Cohen et al., 1972). It can also be exemplified by the many discussions that took place between the E-line project teams and the next generation project manager and sponsor; between the next generation project manager, the sponsor, and the steering committee; and between the next generation project manager, the sponsor, and the Group Technology Board.

The strategy rationale was *unclear*. There was a search for explanations that could connect, on the one hand, the clear motives in the intended strategy put forward by senior management, and on the other hand, the actual doing in the product development departments for which such motives in fact were missing. The rationale for the activities somehow needed to make sense for both the top and bottom. This was not easily identified. It was often being questioned and debated, especially among middle management in the business operations.

It should be remembered that the clear motives that were advocated by senior management in talking about Positive Impact were not always

understood, nor agreed to, by the middle management and the lower-level employees. The ethical aspects of the new strategy were particularly problematic. These sounded fine but were difficult to discuss in relation to the traditional business priorities.

These characteristics are summarized in Table 5.

Table 5: Characteristics of the intermediate micro-context

Strategy content	Practical
Strategy process	Semiformal and iterative
Strategy rationale	Unclear

Bottom

The micro-context called bottom was found far down in the organizational hierarchy (cf. Burgelman, 1983a; Noda and Bower, 1996; Regnér, 2003). It can be characterized by a strategy content that was *real*, meaning that it was about the day-to-day aspects of the business operations. The actual doing in the product development departments can exemplify this point. It can be argued that product design verifications, material specifications, and protocols from rig tests were part of the real strategy content. As discussed, when these were developed they were not considered to be part of Positive Impact. However, in retrospect it has been possible to recognize that many such real things were important for the formation of the new strategy.

The strategy process can be regarded as *discontinuous*. A lot of actual doing was carried out regardless of what was going on higher up in the organizational hierarchy. The bottom only occasionally got connected to the top. It can be seen as a mostly autonomous process (Burgelman, 1983c, 1991). For example, the lower-level employees seldom got to learn about what was done higher up in the organizational hierarchy, as the E-line Alpha project manager expressed it:

I don't see it, but I am sure that there is a lot of activity and many discussions that are not transferred down in the organization. /.../ We only hear about some decisions... 30% reduction of energy consumption, and it shall be ready by that date... apart from that I haven't heard much. But I don't know if it is needed, either. I guess that is why we have an organization... everyone doesn't need to hear everything...

CHAPTER 6

The connection of the bottom and top happened through the evaluative activities in the intermediate micro-context. The details of the important integrating mechanisms therein will be examined later in this chapter.

The strategy rationale was mostly *not considered*. Again, the activities in the bottom were often done independently of the intended strategy; they were not directly referring to any particular strategy motives. For example, the engineers in the product development projects did not discuss Positive Impact in their daily work. They focused on doing their jobs and fulfilling the expectations. These characteristics are summarized in Table 6.

Table 6: Characteristics of the bottom micro-context

Strategy content	Real
Strategy process	Discontinuous
Strategy rationale	Not considered

The new/existing balance

It should be noted that the integration of environmental issues into the business strategy was a new challenge. Even though the MECH Group throughout history had developed a caring attitude towards the natural environment and the local communities in which the firm was present, the employees were generally not used to taking environmental impacts explicitly into account in their day-to-day work.

Figure 20 illustrates how the different kinds of activities were situated in a contextual dimension called the new/existing balance. This dimension provides an interpretative framework to explore how the actual doing was influenced both by the need to change in accordance with future-oriented ideas and by the inertia based on the established ways of doing things (Jarzabkowski, 2005). Two fundamentally different types of activity focus have been identified: *adapting to a new situation* and *doing business as usual*.

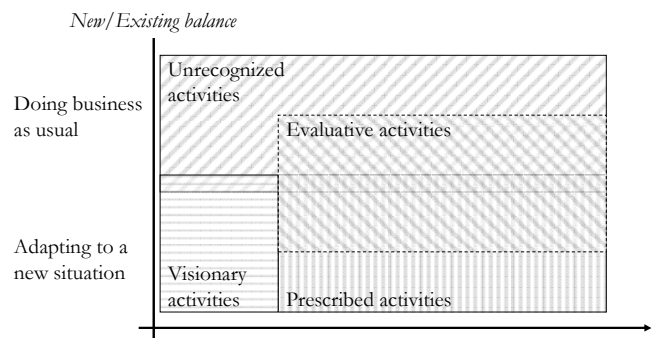


Figure 20: The types of activity focus in the Positive Impact story

The visionary and prescribed activities focused on adapting to a new situation; the unrecognized activities focused on doing business as usual; and the evaluative activities focused on simultaneously adapting to a new situation and doing business as usual.

The characteristics of these different types of activity focus will now be analyzed. Thereafter, some empirical illustrations of the management struggles to combine them will be provided.

Adapting to a new situation

As discussed above, the greening of business posed significant challenges to the MECH Group. Things had to be done differently. New competence needed to be defined (Floyd and Lane, 2000) to develop and implement innovative ideas. The activity focus can be described as adapting to a new situation (cf. March, 1991).

The basis for learning and changing was about *challenging the existing ideas*. It required an inspirational approach in order, for example, to grasp new opportunities when they appeared (cf. Regnér, 2003; Whittington, 1996). This included a questioning of the actual doing and of the processes, procedures, and tools that were traditionally used to get things done. It can be argued that such activities were important for the visionary aspects of the new strategy development (cf. Regnér, 2003). This can be illustrated by the unconventional approach used by the CEO in sensing the needs for strategic change; the assigning of a task force to formulate the new strategy and develop the implementation plan together with the CEO; and the overruling of the common processes and procedures, for example, in terms of developing new products without any business case.

The adapting to a new situation required *taking risk*. As discussed above, there was no experience from the past on which to draw, and it was clear that alternative approaches had to be tried out. This effort to learn about the unknown could reveal new opportunities, but it also naturally increased the exposure to risk. The CEO, for example, repeatedly did things to “shake up the organization.” This often involved an overruling of traditional ways of doing things. The centrally coordinated activities to develop and launch the new E-line Nova1 and Nova2 products illustrate this, as the CEO described it:

I think in initiatives like this you cannot have a democratic process, and I couldn't spend the time waiting for people to buy into it, because if you did that then it would be far too slow. We would still be discussing the exact definition of Positive Impact.

This was a risky approach, and it was not readily accepted, especially not by several people in middle management who were used to being involved in decision-making processes. Many people were disappointed. One of the engineers in the green products project expressed this:

There was some disappointment, which we got to know about rather quickly, that this was a product launched by John (CEO) and it came from nowhere. That is, what shall one say, that is against all the principles that some people tried to implement in

the organization, that a new product launch should be agreed upon in advance, it should be based on a customer need, there should be a pricing strategy, and so on, this whole process... But this was skipped, it just came from the top down.

The time perspective was focusing on the *long term* with an orientation towards the *future situation*. The new ideas were about maximizing performance over the long run (Floyd and Lane, 2000). Positive Impact was often discussed as an anticipated future position in the marketplace (e.g. Porter, 1996); the senior management in particular talked about it in this way.

The scope of the change effort was *broad* and it included *external* areas outside the firm's traditional boundaries. In other words, it was about a questioning of some fundamental ideas of business. This required a new approach to searching for solutions (Cyert and March, 1963; Simon, 1945). The advocating for a broadening of the business logic to include economic, environmental, and social performance, which was brought forward, for example, by senior management and the Corporate Sustainability team, can illustrate this. This can be seen as a fundamental change of the firm's role in the society.

Table 7 summarizes the characteristics of the activity focus called adapting to a new situation.

Table 7: Characteristics of adapting to a new situation

Basis for learning and changing	Challenging the existing ideas
Risk behavior	Taking risk
Time perspective	Long term, future situation
Scope	Broad, external

Doing business as usual

The other type of activity focus can be described as doing business as usual. Such activities were about improving the existing situation of the firm (cf. March, 1991). Little or no effort was then spent on adapting to the new challenges. The opportunities and threats in the greening of business were only taken into explicit account if they happened to coincide with other aspects of the day-to-day business operations. Existing competence was deployed (Floyd and Lane, 2000), and the existing ways of doing things were reinforced.

The basis for learning and changing was about *appraising experience* that had been built on years of previous activities. It involved a procedural approach, such as following predefined processes in writing documents and making presentations (cf. Regnér, 2003; Whittington, 1996). This included a preoccupation with the current ways of working, including the use of the existing processes, procedures, and tools. It can be argued that these activities were important for refining the existing situation (cf. Regnér, 2003).

It also meant *avoiding risk*. As discussed above, there was a reliance on past experience. Any new alternative approaches to solving problems were left out as far as possible. This approach could perhaps not reveal many new opportunities, but it also naturally decreased the exposure to risk. This can be illustrated, for example, by the use of existing business processes, procedures, and tools for carrying out the work in the product development departments; the need to measure and document various aspects of the actual work; and the reluctance to trade off the AB-value against reduced energy consumption in new product designs. The following extract from a conversation with the next generation project manager illustrates this point:

Just the fact that when I've talked to people about reducing the AB-value, when we first came out with E-line, the general feeling was, as long as we can maintain our AB-value and reduce energy consumption it's ok, and what we said was, no, you need to open your field up a lot more than that, you can reduce AB-value, and it was kind of a "uuuhh..." So, you know, the feeling with them, at the development centers – there's a..., we have this unknown risk.

The time perspective was focusing on the *short term* with an orientation towards the *current situation*. Immediate results were favored over long-term uncertain potentials. Opportunities based on anticipation about the future were questioned or sometimes not even considered. Thereby, the new strategy was often debated and was seen to be forced into the traditional business approaches. There was a tendency to rely on the existing ways of working in terms of, for example, investment calculations, financial follow-up systems, and product development processes.

The scope was *narrow* and it focused on the *internal* areas inside the firm's traditional boundaries. In other words, it was about doing things as they had always been done. The focus on business performance above all and the reliance on a traditional sequential strategy formulation and implementation process can illustrate this point.

Table 8 summarizes the characteristics of the activity focus called doing business as usual.

Table 8: Characteristics of doing business as usual

Basis for learning and changing	Appraising experience
Risk behavior	Avoiding risk
Time perspective	Short term, current situation
Scope	Narrow, internal

Simultaneously adapting to a new situation and doing business as usual

The two types of activity focus discussed above coexisted. The focus on adapting to a new situation was mostly found in the visionary and prescribed activities, while the focus on doing business as usual was often seen in the unrecognized activities. In turn, the evaluative activities were about simultaneously adapting to a new situation and doing business as usual. Such activities needed to cope with two contradicting foci. In this situation, competence had to be modified (Floyd and Lane, 2000). This gave rise to several problematic situations. A few illustrations will be presented below. They range from fundamental firm-level struggles to practical issues in product development. These can serve as empirical examples of the trade-offs between the new and the existing that need to be managed in a strategy formation process in general (cf. March, 1991; Whittington, 1996). Moreover, they are especially helpful in demonstrating the complexity in the practice of the greening of business (e.g. Etzion, 2007). Such realistic descriptions have been asked for in the scholarly field of organizations and environment.

First, there was the very profound question of making environmental performance a business priority. The senior management and the members of the Corporate Sustainability department were advocating for a broadening of the business logic scope to include both economic and environmental performance.

However, other people argued that this did not make sense. They had learned to give short-term financial results the highest priority in practice. The request to integrate environmental issues into the business strategy was not easily met.

Second, there was the issue of speeding up the implementation of the new strategy while at the same time having people in the organization take ownership of decisions and activities. This was a delicate issue. The new strategy was supposed to be “sound for both the environment and business.” However, there was no such experience from the past, and it was seen to require a challenging of the conventional views. There was, for example, a strong top-down push from senior management.

The organization mostly responded to the predefined targets, as described by one of the engineering managers:

I think the organization provided the CEO with sufficient material to present at the anniversary, that the organization made product designs that had sufficiently improved energy consumption to enable one to stand up and say here is something new.

The top-down approach was criticized by many people. It was not in line with the existing ways of doing things, such as developing consensus and using the common business processes, procedures, and tools. This created a situation in which many formal and informal discussions and debates were held about not only the actual strategy content and rationale, but also the way the senior management managed the implementation. Such repeated airing of concerns was often seen to slow down the process.

Third, there was the issue of developing the new E-line products. There was a perceived uncertainty about the market demand, especially among middle management. However, senior management had decided that these products were to be developed. This was discussed in terms of “technology push” and “management push.” Targets and deadlines were set in a top-down manner, which clearly went against the existing ways of doing things. New product development projects were, in principle, required to be based on a market demand and a completed business case, which was defined in the business processes. This was described by the next generation project manager:

Internally we see this very much as a technology push, and it's difficult for people, because we're quite rigorous and process oriented for many things, and we've had a lot of emphasis lately on becoming more process oriented, and that process starts with the customer and the pull from the customer. So that's caused some internal concern, internal difficulty... to be able to, to go the way that we're going without having direct customer pull.

Fourth, there was the issue of optimizing the energy consumption performance of the E-line products. It was not easily done in practice. Accepting an approach that entailed making a trade-off between energy consumption and the AB-value was a struggle for many of the engineers in the product development departments. They were used to relying on certain “golden rules,” which had been built on years of experience. The optimizing of the AB-value was one of them.

Table 9 summarizes these four management struggles. More such illustrations can be identified in the empirical material.

Table 9: Examples of management struggles in the Positive Impact story

Management struggle	Adapting to a new situation	Doing business as usual
Making environmental performance a business priority	<ul style="list-style-type: none"> • Advocating for a broadening of the business logic scope 	<ul style="list-style-type: none"> • Focusing on economic performance above all
Increasing speed in the strategy implementation	<ul style="list-style-type: none"> • “Management push” 	<ul style="list-style-type: none"> • Developing consensus • Using the common business processes, procedures, and tools
Developing new products	<ul style="list-style-type: none"> • Technology push • Setting targets and deadlines in a top-down manner based on senior management conviction 	<ul style="list-style-type: none"> • Market pull • Setting targets and deadlines in a bottom-up manner based on customer need
Optimizing energy consumption performance of products	<ul style="list-style-type: none"> • Trading off AB-value 	<ul style="list-style-type: none"> • Optimizing AB-value

The simultaneous exposure to the competing types of activity focus led to some frustration for the people involved at the time. However, it seems that we can conclude retrospectively that *the conflicts were important to the strategy process* (cf. Pettigrew, 1977; Regnér, 2003).

Summary and reflections

In this section, the situatedness of the activities has been examined. It is concluded that these activities can be further understood in relation to three different dimensions: timeline, micro-context, and new/existing balance.

First, the conceptualization of the timeline has shown that strategy forms as a dynamic process over time. It involves iterative sensemaking and sensegiving (Gioia and Chittipeddi, 1991). Moreover, the different kinds of activities are temporally located. It has been suggested that strategy is under continuous construction (Jarzabkowski, 2005) and that it is a matter of becoming (Tsoukas and Chia, 2002). The fluidity of realized and intended strategies has been demonstrated. It has also been proposed that we need to develop a more nuanced understanding of what points in time and episodes we need to focus on when doing strategy research.

Second, the conceptualization of the micro-contexts has shown that strategy formation can take place in different structural positions with unique characteristics (see Table 10).

Table 10: The micro-contexts

	Top	Intermediate	Bottom
Strategy content	Abstract	Practical	Real
Strategy process	Formal and sequential	Semiformal and iterative	Discontinuous
Strategy rationale	Clear	Unclear	Not considered

It has been illustrated that the classical view of strategy formation as a sequential process of formulation followed by implementation is a theoretical simplification that fails to account for the details of the actual empirical phenomena. This study has demonstrated the richness of multiple kinds of activities in sequential, iterative, and discontinuous processes. It has also been shown that, in addition to the strategic activities in the top and intermediate micro-contexts, there can be unintended consequential activities taking place in the intermediate and bottom micro-contexts. Thereby, it has demonstrated the firm-wide scope of strategy formation. Moreover, in contrast to the study by Regnér (2003), it has been shown that visionary and prescribed activities in the top can focus on the new, while the unrecognized activities in the bottom can focus on the existing. This specific finding illustrates the richness of this subject

and shows that there can be many alternative approaches in the strategy formation process.

Third, the conceptualization of the different types of activity focus has shown details of a delicate balancing act between the new and existing (see Table 11).

Table 11: The new/ existing balance

	Adapting to a new situation	Doing business as usual
Basis for learning and changing	Challenging the existing ideas	Appraising experience
Risk behavior	Taking risk	Avoiding risk
Time perspective	Long term, future situation	Short term, current situation
Scope	Broad, external	Narrow, internal

The activities that focused on adapting to a new situation were important for the visionary aspects of the new strategy development, while the activities that focused on doing business as usual were important for refining the existing situation (cf. Regnér, 2003). The management struggles related to the simultaneous exposure to these types of activity focus have brought to light some of the trade-offs that need to be managed in strategy formation in general, and in the greening of business in particular (cf. Etzion, 2007; March, 1991; Whittington, 1996).

6.3 *Analysis of the activities*

So far in this chapter, three different dimensions that can characterize the situatedness of the activities have been analyzed. In the following, four kinds of activities that have strategic outcomes will be defined and examined: 1. *visionary*, 2. *prescribed*, 3. *unrecognized*, and 4. *evaluative*. The analyses will focus on the practitioners and their doing (Whittington, 1996, 2006; Jarzabkowski, 2005). Detailed characterizations of typical activities and practices will be provided. It should be noted that the distinction between these concepts in reality is not always clear. According to Whittington (2006: p. 619), activities can be seen to have evolved into practices when they have become “shared routines of behavior.” It can be argued that this definition is not very precise. Consequently, some of the doing that will now be characterized as activities could, in principle, potentially also be classified as practices.

Particular attention will be paid to the evaluative activities. As was shown in Figure 17 at the beginning of this chapter, they had a central position in the strategy formation process. They were situated in an in-between position, both in terms of the micro-context and the new/existing balance. Detailed examinations of this kind of activity seem not to have been the focus of previous research.

Visionary activities

As was shown in the previous sections, the visionary activities took place mainly from the start of the process at t_0 until the launch of the new strategy to a larger audience at t_1 . This phase can be described as a time of envisioning (cf. Gioia and Chittipeddi, 1991). Thereafter, there were only sporadic visionary moments. One such example was the meeting towards the end of 2005 when the decision was taken to exclude the social issues from the strategy. This was a significant change to the intended strategy. These activities originated in the top micro-context. The focus was mainly on adapting to a new situation.

The visionary activities are defined as *activities that informed the strategy intentions*. Clearly, they were intended to have strategic outcomes and can thereby be regarded as strategic activities. They were important to the initial shaping of the intended strategy. This was a unidirectional cause-and-effect relationship. In other words, the activities informed the intended strategy, but not vice versa.

The activity direction was *top-top*, meaning that the activities resided at the top of the organizational hierarchy.

The practitioners and their doing

Two main types of practitioners were involved: top management and the strategy task force. The *top management* can be defined as the decision makers who are ultimately responsible for the firm's strategy and performance (cf. Jarzabkowski and Wilson, 2002; Regnér, 2003; Samra-Fredericks, 2003).

In this study, the top management included the CEO and the other members of senior management. As was shown in chapter 5, the CEO was personally very involved throughout the whole strategy formation process, especially in the early phases. In fact, he got so engaged in the activities that people in the firm, including some of the other members of senior management, occasionally referred to Positive Impact as “the CEO's project.”

The practitioners called the *strategy task force* can be defined as a temporary group of internal people who are assigned with a strategic task. Such practitioners seem not to have been the focus of previous strategy research. Similarities can be found in the work that is traditionally done by external management consultants. However, not even the activity-level details of their work seem to have been much researched (Jarzabkowski, 2005).

In this study the task force is represented by the Tiger Team. They had been selected from different areas of the firm in order to form a “diverse and visionary team.” Their job was initially to come up with a formulation of a new strategy. This was done together with the CEO, as he described it:

That was the team that came up with the phrase “Positive Impact.” The actual phrase came from the Tiger Team. And then I met them and went through what they had worked out, and from that we were able to evolve it into a strategy.

The typical activities included *running strategy workshops*¹⁶ and *formulating strategy intentions* (cf. Hodgkinson et al., 2006; Johnson et al., 2003; Johnson et al., 2010; Whittington et al., 2006). It should be remembered that the new strategy was, in principle, formulated by the strategy task force during a two-day workshop. They had been asked to question the conventional views and think “out of the box.” Conceptual ideas were developed through techniques such as brainstorming. The thinking was based on anticipations about the future. The challenge was to formulate a new strategy that was “sound for both the environment and business.” There was no such experience from the past. The CEO described this:

¹⁶ In other literature, strategy workshops have been described as practices. However, in the Positive Impact story the particular use of workshops in a strategy task force was a new activity that was not (yet) a shared routine of behavior.

So we put a project team together to work on it, and what I said to this team was, “We need to make a fundamental difference from an environmental viewpoint; we need to significantly reduce our energy consumption, and it needs to be reduced for our customers. I don’t know what to do or how to do it.” So we sat with a small team... It was the Tiger Team.

Top management typically used formal administrative practices (cf. Jarzabkowski, 2005) in the early phase of the strategy formation process, such as *allocating resources* and *setting targets* (e.g. Jarzabkowski, 2005). As illustrated by the quotation above, a team was “put together.” The deadline of their task was clearly defined – the new strategy was to be launched at an upcoming management meeting.

The visionary activities seemed unproblematic. Not many people were involved. Even though the subject as such was new, it turned out that there were existing procedures and tools that could be used to develop some conceptual ideas, which would later evolve into a new strategy.

Table 12 summarizes the analysis of the practitioners and their doing in the visionary activities.

Table 12: The practitioners and their doing in the visionary activities

Practitioners	<ul style="list-style-type: none"> • Top management • Strategy task force
Typical activities	<ul style="list-style-type: none"> • Running strategy workshops • Formulating strategy intentions
Typical practices	<ul style="list-style-type: none"> • Allocating resources • Setting targets

Prescribed activities

As described previously, the prescribed activities happened from the launch at t_1 until the study ended, at t_4 . Again, they originated in the top micro-context, and the activity focus was mainly on adapting to a new situation.

The prescribed activities are defined as *activities that were informed by strategy intentions that were not informed by the activities*. This unidirectional cause-and-effect relationship makes these activities similar to the concept of deliberate strategy (cf. Mintzberg, 1978; Mintzberg and Waters, 1985) and to what Burgelman (1983c, 1991) calls the induced strategic process. Since these activities were intended to have strategic outcomes, they can be regarded as strategic activities.

The activity direction was *top-down*, meaning that the activities were carried out through the organizational hierarchy from the top and downwards (cf. e.g. Jarzabkowski and Wilson, 2002; Regnér, 2003).

The practitioners and their doing

Two types of practitioners were involved in these activities: top management and corporate staff management. Again, the practitioners called *top management* included the CEO and the other members of senior management.

The practitioners called *corporate staff management* can be defined as the managers located in staff functions intended to support the business operations. They can be seen to have a close connection to senior management and an indirect influence on the actual doing in the firm. In this study they were mainly represented by the members of the Corporate Sustainability department and the people in the sustainability organizations in the Business Divisions. They had multiple missions in the strategy formation process, such as communicating the expectations from senior management to the rest of the employees, developing and driving their own agenda based on new knowledge creation, and trying to ground the new initiatives among the employees and their day-to-day concerns.

Typical prescribed activities included *developing plans*. These were about the formalization of objectives and the definition of steps to take towards their realization. The people in corporate staff management were repeatedly being asked by senior management to come up with substrategies and approaches to support the realization of Positive Impact.

Another such activity can be described as *communicating strategy*. There was a strong focus on the talking about and sharing of information from the top down. This can be exemplified by the activities to prepare and present PowerPoint presentations where the strategy could be shown through bullet lists, bar charts, and images. These were often aimed at explaining to the employees what the strategy was all about and increasing awareness of the predefined targets and plans. Such information was shown on several occasions, including at the anniversary celebration and the management conference in 2007.

CHAPTER 6

A third type of activity that can be identified in many areas of the Positive Impact story was called *signaling*, which refers to activities that were done to show explicit evidence to the lower-level employees that the new strategy was to be taken into account in the day-to-day operations. Visible signals could influence the employees' sensemaking process towards an alternative and preferred understanding of the abstract ideas (cf. Gioia and Chittipeddi 1991). For example, the investment to equip a new roof at one of the warehouses with solar panels was made partly to demonstrate to the employees that environmental issues were important. The CEO described this:

My view is that you can't make an omelet without breaking eggs... And you have to do something, and warehouse roofs are an obvious way... to put solar panels there.

The changing of the company car policy was another example where there was a strong signaling value. Furthermore, the overruling of the established ways of doing things can be seen as a way for the CEO to signal importance. One of the most obvious examples was the top-down decision to develop the E-line products even though clear business cases had not been prepared. Finally, the approach of starting to ask questions and increasing the visibility of the new strategy can also be seen as signaling. The CEO described this:

And of course, one of the big issues when I go roundabout is asking the questions, you know, "What are you doing on these things?" There's nothing more visible than to get followed up, if I go and ask them, "What's happening on this? How are you doing on your energy consumption? What's happened to your carbon dioxide emissions?" /.../ People will start to say, "Wow, this is important; every time we have our meetings they discuss it..."

Again, many formal administrative practices (cf. Jarzabkowski, 2005) were used. They included *allocating resources* (e.g. Jarzabkowski, 2005). This was seen, for example, in the forming of the Corporate Sustainability department and in the appointment of sustainability managers in the Business Divisions. One senior manager described this:

We have talked about it before, but never really had a program for it. We will add resources to push sustainability initiatives in the Business Divisions.

More resources were increasingly allocated throughout the strategy formation process. This entailed hiring more employees as well as investing in physical goods.

The practices were also about *setting targets* (e.g. Jarzabkowski, 2005). Explicit targets against which actual performance can be measured can be regarded as a typical control approach (e.g. Mantere, 2005). The use of clear deadlines in different projects can illustrate this point, as the Energizer project manager described it:

One of the important milestones was the press conference for the anniversary. What do we present? That was the initial discussion, you know. /.../ So that became very quickly the center of focus, what should we provide? /.../ I think the anniversary had a great impact; it was important to drive activities towards that goal.

To have well-defined time and activity plans was also part of the common project management approach. The employees seemed to be familiar with this way of doing things and, in fact, mostly talked about the use of clear targets as a natural thing.

Moreover, the practices were about the *following up* (e.g. Jarzabkowski, 2005) of the actual progress against the predefined targets. There were a number of different kinds of performance measurements around in the MECH Group, and these were seen to be important to driving behavior. The CEO described this:

Once you start to get it on people's scorecards etc., then you get visibility of it there. The old saying "What's measured gets done" applies in this area as well. /.../

There were repeated discussions about what to include as key performance indicators regarding Positive Impact on these scorecards, and about how each measure should be defined.

Table 13 summarizes the analysis of the practitioners and their doing in the prescribed activities.

Table 13: The practitioners and their doing in the prescribed activities

Practitioners	<ul style="list-style-type: none"> • Top management • Corporate staff management
Typical activities	<ul style="list-style-type: none"> • Developing plans • Communicating strategy • Signaling
Typical practices	<ul style="list-style-type: none"> • Allocating resources • Setting targets • Following up

Unrecognized activities

As described previously, the unrecognized activities were done throughout the whole process from t_0 to t_4 . They originated in a micro-context called bottom, and the activity focus was mainly about doing business as usual.

The unrecognized activities are defined as *activities that were not informed by and did not inform the strategy intentions*. This lack of any direct cause-and-effect relationship makes these activities similar to the concept of emergent strategy (cf. Mintzberg, 1978; Mintzberg and Waters, 1985) and to what Burgelman (1983c, 1991) calls the autonomous strategic process. These activities were not intended to have strategic outcomes but it was possible after the fact to show that they, in reality, actually have strategic outcomes. Thereby, they can be regarded as unintended consequential activities.

The activity direction was *bottom-bottom*, meaning that these activities resided within the bottom of the organizational hierarchy, such as in the product development departments (cf. Regnér, 2003).

The practitioners and their doing

One type of practitioner was involved in the unrecognized strategy: *operational-level employees*. They can be defined as people in non-managerial or lower-managerial positions in operational roles (cf. Regnér, 2003).

In this study, these employees included mainly the engineers in the product development departments who were involved in the next generation and E-line projects. They were assigned to run specific activities, which were to be well

defined and documented, in line with the various business processes, procedures, and tools. These practitioners focused on fulfilling the expectations and were often only unconsciously involved in the strategy formation process. There were dual lines of reporting, and the employees needed support from both temporary governance structures and middle management in the business operations. In addition, the requirements from top management often met conflicting priorities among middle management. This can be illustrated by the following concern from the E-line Alpha project manager:

Well, I don't have my project yet, so... I might complain about it too much and I ask my managers why nothing is happening and why I'm not getting my resources, but it... I mean, if I don't get the resources I guess that is a sign of how important the managers at the levels below the CEO think this is...

Typical unrecognized activities can be summarized as *doing "work."* This involved hands-on activities, such as doing design reviews, running calculation and simulation exercises, and verifying the product performance through real tests. There was a focus on doing the day-to-day work in line with predefined operational targets. There was little or no involvement in the strategy discussions.

These activities were found, for example, in the early phases of the green products project and of the next generation project. They were also found in much of the decentralized work done by the engineers in the product development departments to develop the real products.

The typical practices can be summarized as *following the norms.* Defined processes, procedures, and tools were applied. These were existing ways of working, many of which had been developed based on years of previous experience. Thereby, known approaches were used when trying to develop new solutions to predefined problems. Risks were avoided if possible. The activities were done in ways that followed the system (Hart, 1992). The E-line Alpha project manager's view of the Parameter Tool can illustrate this:

It is part of the standard project process guidelines. My view is that this Parameter Tool is never really used. It is just done because you have to do it.

It should be remembered that the E-line products were not explicitly part of the strategy intentions, but they later became the major "business case" to show to the organization what Positive Impact was all about.

Table 14 summarizes the analysis of the practitioners and what they did in the unrecognized activities.

Table 14: The practitioners and their doing in the unrecognized activities

Practitioners	<ul style="list-style-type: none"> • Operational-level employees
Typical activities	<ul style="list-style-type: none"> • Doing “work”
Typical practices	<ul style="list-style-type: none"> • Following the norms

Evaluative activities

As described previously, the evaluative activities took place from the launch at t_1 until the end of the study at t_4 . They originated in the intermediate micro-context. The activity focus was about simultaneously adapting to a new situation and doing business as usual. These activities drove the convergence between the prescribed and unrecognized activities. More specifically, they provided integrating mechanisms that were instrumental in connecting the strategic activities in the top with the unintended consequential activities in the bottom.

The evaluative activities are defined as *activities that were informed by strategy intentions that were informed by the activities*. In other words, activities followed intentions and intentions followed activities (cf. Burgelman, 1983b) in a bilateral cause-and-effect relationship. This kind of activity included both strategic activities and unintended consequential activities.

The activity directions were *intermediate-up-down*, *intermediate-down-up*, and *intermediate-intermediate* (cf. Nonaka, 1988). The activities took place between the top and bottom of the organizational hierarchy and went both upwards and downwards.

The practitioners and their doing

Three types of practitioners were involved in the evaluative activities: corporate staff management, temporary governance, and operational middle management. These groups were both receivers and implementers of a new strategy in which they had not been actively involved up-front (cf. Balogun and Johnson, 2004), and they occupied the structural positions in between the top management and the operational-level employees, and from these positions they were able to act as change intermediaries (e.g. Balogun, 2003; Shi et al., 2009).

It should be noted that the roles and behaviors of the middle managers have been studied earlier (e.g. Balogun and Johnson, 2004; Beck and Plowman, 2009; Floyd and Lane, 2000; Floyd and Wooldridge, 1992, 1994, 1997; Huy, 2002; Mantere, 2008; Ren and Guo, in-press; Shi et al., 2009; Wooldridge and Floyd, 1990). They have been described as connecting the strategy intentions with the day-to-day concerns of the business operations by exerting influence both upwards and downwards (e.g. Floyd and Wooldridge, 1992, 1994).

However, a more nuanced understanding of the different types of practitioners within the broad category called middle management is needed. Many characterizations seem too general and there is still an incomplete understanding of the many people in this category and the various activities they carry out.

As discussed above, the practitioners called *corporate staff management* were, in this study, mainly found in the Corporate Sustainability department and in the sustainability organizations in the Business Divisions.

The practitioners called *temporary governance* can be defined as the people assigned with a temporary governance task, including work roles such as steering committee membership, project sponsorship, and project management. In this study they were represented by the people involved in such roles in the next generation and E-line projects. These were typically selected from either corporate staff management or operational middle management. The set-up of these governance structures and the appointment of people to them were often political issues. Most structures needed to include members who collectively represented all relevant stakeholders. They often needed to anchor decisions and activities in the projects between the requirements from top management and the day-to-day business concerns among operational middle management and operational-level employees.

The practitioners called *operational middle management* can be defined as the people with responsibility for the business operations who were working on the managerial levels between top management and operational-level employees. In this study, they were represented, for example, by the product managers, the marketing managers, and the manufacturing managers. They were responsible to senior management. At the same time they were controlling the resources needed to run various projects.

The evaluative activities involved a lot of face-to-face interaction (Jarzabkowski, 2005). Typical activities were about *redefining "work"* and *reformulating strategy intentions*. This was often a reciprocal process. The actual doing in the business operations was redefined so that it became more in tune with the strategy intentions. This involved a screening of the opportunities in the bottom micro-context and an alignment with the expectations from the top

(cf. Ren and Guo, in-press). Similarly, the alternatives that were made accessible to top management supported an altering and reformulating of the strategy intentions (cf. Ren and Guo, in-press) so that the abstract strategy content in the top could become better grounded in the experience originating in the bottom.

The changing of the green products project exemplifies the former of these points. As discussed, it was initially not related to Positive Impact. When it turned out that the search for concrete strategy examples and business cases could find its solution through this project, its scope was changed. One of the engineers in the Nova1 green products project expressed this:

The market launch was not part of the initial scope... But it was included in the scope later on. /.../ It started as a project to show conceptually how energy consumption could be reduced. /.../ It was a technology development project.

In parallel with the redefinition of the project, Positive Impact was reformulated so that it became more and more in tune with the E-line products.

Many activities involved *discussing*. There were many formal and informal meetings and casual conversations to share information and air concerns (cf. Beck and Plowman, 2009; Jarzabkowski and Seidl, 2008). These activities involved a lot of listening, talking, challenging, questioning, explaining, and so on. This focus on discussing was evident throughout the whole strategy formation process. It can be illustrated by the repeated discussions in the temporary governance structures about the market demand for the E-line products and about the top-down approach used to run the projects. Another example can be found in the iterative discussions about whether or not the new strategy needed to be further defined, which often involved the Corporate Sustainability department.

The practices were interactive (Jarzabkowski, 2005) and adaptive (Mantere, 2005). They typically included *transferring* information. This went in two ways: the strategy intentions went from the top to the bottom, and the knowledge about the actual doing went from the bottom to the top (Nonaka, 1988). The corporate staff management, temporary governance, and operational middle management were important to creating such information flow (cf. Beck and Plowman, 2009; Hoon, 2007; Jarzabkowski and Seidl, 2008).

As discussed, an intended strategy was first launched by the CEO at a management conference in March 2005. This information was then transferred down through the organizational hierarchy in a cascading process. It should be remembered, though, that this did not always reach the operational-level

employees. Operational middle management in particular seemed to hesitate in this process.

Another of the typical practices can be described as *translating*. This also went in two directions. First, the abstract intended strategy coming from top management needed to be explained in ways that could be understood in relation to day-to-day business concerns further down in the organizational hierarchy. Second, the real activities in the business operations among operational-level employees needed to be presented upwards in the organization so that it could be referred to in terms of the strategy intentions.

As shown, it was not easily understood how the conceptual ideas from the launch of Positive Impact could be translated into real actions. Mostly, operational middle management asked senior management and corporate staff management for concrete examples. They wanted to see the business case.

The practices also had to do with the *broadening of political support*. The reconstruction of the strategy intentions and the actual doing can be seen as a political process. None of these changes were easily done; some interests needed to be traded off against others. It involved repeated discussions, bargaining, and mediating. The process included the pre-anchoring of decisions and activities, and there was a search for consensus in advance of important decisions.

This can be exemplified by the many pre-meetings and casual conversations in the corridors at the headquarters that were held in advance of important events. There were many formal and informal discussions, some of them held openly and others managed behind the scenes. Propositions were tested and nuances were often fine-tuned in an attempt to avoid potential future conflicts. This was mostly steered by corporate staff management, temporary governance, and operational middle management, who were exposed to demands from the top as well as the bottom. At the same time, they had their own priorities to manage.

Table 15 summarizes the analysis of the practitioners and their doing in the evaluative activities.

Table 15: The practitioners and their doing in the evaluative activities

Practitioners	<ul style="list-style-type: none"> • Corporate staff management • Temporary governance • Operational middle management
Typical activities	<ul style="list-style-type: none"> • Redefining “work” • Reformulating strategy intentions • Discussing
Typical practices	<ul style="list-style-type: none"> • Transferring • Translating • Broadening of political support

Summary and reflections

Strategy research and practice are populated with the concepts of top-down and bottom-up. They correspond to the activity directions of, on the one hand, a focus on the implementation of top management’s intended strategy, and on the other hand, an emphasis on the influence of the actual doing at the bottom of the organizational hierarchy.

This study has, in addition, demonstrated the importance of the intermediate micro-context and the different activity directions it implies, such as intermediate-up-down, intermediate-down-up, and intermediate-intermediate (cf. Nonaka, 1988).

Similarly, the existing literature about strategic activities has often focused on the doing within – or closely connected to – top management through top-down processes (e.g. Jarzabkowski, 2005), or in remote areas far from top management through bottom-up processes (e.g. Regnér, 2003).

This study confirms the importance of the top and bottom. In addition, it has identified important activities in the intermediate micro-context. In total, four different kinds of activities that have strategic outcomes have been characterized and examined: visionary, prescribed, unrecognized, and evaluative. Tables 16 and 17 provide a summary and comparison.

Table 16: *Conceptualization of the Positive Impact story*

	Visionary activities	Prescribed activities
Definition	Activities that informed the strategy intentions	Activities that were informed by strategy intentions that were not informed by the activities
Category	Strategic activity	Strategic activity
Direction	Top-top	Top-down
Practitioners	Top management Strategy task force	Top management Corporate staff management
Typical activities	Running strategy workshops Formulating strategy intentions	Developing plans Communicating strategy Signaling
Typical practices	Allocating resources Setting targets	Allocating resources Setting targets Following up
Timeline	t_0-t_1	t_1-t_4
Micro-context	Top	Top
New/Existing balance	Adapting to a new situation	Adapting to a new situation

Table 17: Conceptualization of the Positive Impact story

	Unrecognized activities	Evaluative activities
Definition	Activities that were not informed by and did not inform the strategy intentions	Activities that were informed by strategy intentions that were informed by the activities
Category	Unintended consequential activity	Strategic activity and unintended consequential activity
Direction	Bottom-bottom	Intermediate-up-down, intermediate-down-up, and intermediate-intermediate
Practitioners	Operational-level employees	Corporate staff management Temporary governance Operational middle management
Typical activities	Doing “work”	Redefining “work” Reformulating strategy intentions Discussing
Typical practices	Following the norms	Transferring Translating Broadening of political support
Timeline	t_0-t_4	t_1-t_4
Micro-context	Bottom	Intermediate
New/Existing balance	Doing business as usual	Simultaneously adapting to a new situation and doing business as usual

In total, six types of internal strategy practitioners¹⁷ were identified: top management, strategy task force, corporate staff management, temporary governance, operational middle management, and operational-level employees. All of them, in different ways, were shown to be influential in the strategy formation process, either consciously or unconsciously, directly or indirectly. Detailed empirical examples to improve our understanding of what different practitioners are actually doing and what practices they are using have been provided (Johnson et al., 2007; Wooldridge et al., 2008). This has suggested an alternative view to much of the existing literature, which has often focused on top management (e.g. Jarzabkowski, 2005) or broad categories of practitioners based, for example, on structural positions (e.g. Burgelman, 1983a).

The detailed analysis of the evaluative activities has brought new insights to how the strategy intentions and the actual happenings in the organization are related and converge over time. Thereby, a more dynamic view of the strategy formation process has been demonstrated.

The study has shown how firm- and micro-level activities can connect (cf. Salvato, 2003). It has also developed empirical support for the fact that firms' realized and intended strategies differ (e.g. Mintzberg, 1978; Mintzberg and Waters, 1982; Mintzberg and McHugh, 1985) and for the claim that deliberate and emergent strategies are complementary in change efforts (Burnes, 2004).

Moreover, the importance of middle managers (e.g. Balogun and Johnson, 2004; Beck and Plowman, 2009; Floyd and Lane, 2000; Floyd and Wooldridge, 1992, 1994, 1997; Huy, 2002; Mantere, 2008; Ren and Guo, in-press; Shi et al., 2009; Wooldridge and Floyd, 1990), conflicts (Pettigrew, 1987; Regnér, 2003), meetings (Jarzabkowski and Seidl, 2008), and committees (Hoon, 2007) in the strategy formation process have been empirically exemplified.

¹⁷ The external practitioners such as the university professor and the consultants were excluded from this analysis due to insufficient details in the empirical material.

6.4 Analysis of the integrating functions and roles within the evaluative activities

The evaluative activities were instrumental to the connections between the prescribed and unrecognized activities. Their importance increased over time in conjunction with the strengthening of these connections. At the start of the strategy formation process at t_0 , they, in principle, did not exist. After the launch at t_1 , they gradually became more and more influential. Between t_1 and t_2 , the focus was on the intermediate-up-down activity direction. From t_2 and onwards, all three activity directions (i.e. intermediate-up-down, intermediate-down-up, and intermediate-intermediate) were included. These activities involved multiple interactions, which spanned the different micro-contexts and the new/existing balance over time. Competing priorities and ways of doing things often led to role¹⁸ conflicts (Floyd and Lane, 2000).

Based on an analysis of the nature of these interactions, three different kinds of integrating functions have been identified: i. *downward implementation*, ii. *upward recognition*, and iii. *horizontal facilitation*. As discussed, the firm-level outcome of these was a convergence between the strategy intentions in the top and the actual doing in the bottom. Below, a grounded typology of these different functions, and the roles that were assumed by various practitioners therein, will be developed.

Downward implementation

This integrating function was about the alignment of the actual doing in the bottom to the strategy intentions in the top. It can be seen as a facilitation and implementation of the prescribed activities (cf. Floyd and Wooldridge, 1992, 1994), and the focus was on bringing the new into the existing.

The activity direction was intermediate-up-down (cf. Nonaka, 1988), meaning that the activities took place first between the intermediate and top micro-contexts and later on between the intermediate and bottom. It was an overall downward form of involvement (Floyd and Wooldridge, 1992, 1994; Ren and Guo, in-press).

Three different roles were found therein. First, there was the *strategy messenger*. This role was about transferring information through the hierarchy from the top to the bottom. The input was typically provided from the top to

¹⁸ A role can be seen as a set of expected behaviors (Floyd and Lane, 2000), including how to act, what values to express, and what interests to represent (Friedman and Podolny, 1992).

the intermediate, and the strategy messenger in turn forwarded the message to the bottom. The output that was in the end presented to the bottom was largely kept unchanged from the input. The information was often expressed in written form, mainly through PowerPoint presentations. Practitioners who assumed this role were found among corporate staff management, temporary governance, and operational middle management. They often acted formally and tried to express the need to adapt to a new situation. This was similar to how top management had presented the strategy intentions to them earlier.

Second, there was the *strategy evaluator*. This role was about transferring selective information through the hierarchy. Again, the input to this process was often provided from the top to the intermediate. The strategy evaluator in turn forwarded selected information to the bottom. Thereby, the output often differed from the input. The messages from the top were changed based on an evaluation of how well they made sense for the business operations. Aspects that were unclear or seemed irrelevant were often simply excluded from further downward cascading. The information was often expressed in written form through PowerPoint presentations, but also in verbal form. This role was assumed mainly by operational middle management, who often acted through their traditional communication channels. The need to adapt to a new situation was taken into account when it seemed to make sense in relation to the existing situation.

Third, there was the *strategy translator*. This role was about translating information from the top to the bottom. The input was again typically provided from the top to the intermediate. In turn, the strategy translator in the intermediate micro-context tried to find ways to explain the conceptual ideas of the strategy intentions into terms that could be more easily understood in relation to the day-to-day business concerns. As a result, the output was often different from the input, having been adapted to meet the specific needs of the recipients. Again, the information was expressed in PowerPoint presentations and in verbal forms. The practitioners of this role were found mainly among corporate staff management. They acted both formally and informally and tried to express the need to adapt to a new situation while at the same time acknowledging the existing situation.

This integrating function and the roles therein are summarized in Table 18.

Table 18: Characterization of the integrating function called downward implementation

Focus	New into existing
Activity direction	Intermediate-up-down
Typical roles	Strategy messenger Strategy evaluator Strategy translator

Upward recognition

This integrating function was about the alignment of the strategy intentions in the top to the actual doing in the bottom. It can be seen as a synthesizing and championing of the unrecognized activities (cf. Floyd and Wooldridge, 1992, 1994) and the focus was on bringing the existing into the new. In other words, already available activities were infused with meaning with regard to the strategy intentions.

The activity direction was intermediate-down-up (cf. Nonaka, 1988), meaning that the activities took place first between the intermediate and bottom micro-contexts and later on between intermediate and top. It was an overall upward form of involvement (Floyd and Wooldridge, 1992, 1994; Ren and Guo, in-press).

Three different roles were found therein. First, there was the *activity messenger*. This role was about transferring information through the hierarchy from the bottom to the top. The input was typically provided from the bottom to the intermediate, and in turn from the intermediate to the top. The output that was in the end presented by the activity messenger to the top was largely kept unchanged from the input. Such sharing of information typically took place either through formal interactions, such as operational review meetings, or through unplanned activities when real-life examples were brought up for discussion for various reasons. The information was expressed in written or verbal form. Practitioners who assumed this role were found among temporary governance and operational middle management. They often tried to bring attention to the existing situation.

Second, there was the *activity evaluator*. This role was about transferring selective information through the hierarchy from the bottom to the top. Again, the input to this process was provided from the bottom to the intermediate. In turn, selected aspects were forwarded by the activity evaluator to the top.

Thereby, the output often differed from the input. The messages from the bottom were changed based on an evaluation of how relevant they were to the strategy intentions. Aspects that seemed not to fit were excluded from further upward presentation. The information was often expressed in written form through PowerPoint presentations, but also in verbal form. This role was assumed mainly by operational middle management. They often acted through their traditional hierarchical communication channels. The focus was still on the existing situation. However, as long as only little added effort was required to align the real-life examples with the strategy intentions, the need to adapt to a new situation could be supported.

Third, there was the *activity translator*. This role was about translating information from the bottom to the top. Again, the input was typically provided from the bottom to the intermediate. In turn, the activity translator in the intermediate micro-context tried to find ways to explain the reality of the business operations in terms that could be more easily understood in relation to the conceptual ideas of the strategy intentions. Thereby, the output was often adapted and turned out to be different from the input. This eventually also involved a “selling” process to top management (cf. Dutton et al. 2001; Ren and Guo, in-press). Again, the information was often expressed in PowerPoint presentations and in verbal forms. The practitioners who assumed this role were found mainly among temporary governance and operational middle management. They acted both formally and informally and tried to acknowledge the existing situation while at the same time expressing the need to adapt to a new situation.

This integrating function and the roles therein are summarized in Table 19.

Table 19: Characterization of the integrating function called upward recognition

Focus	Existing into new
Activity direction	Intermediate-down-up
Typical roles	Activity messenger Activity evaluator Activity translator

Horizontal facilitation

This integrating function was about the alignment of the different points of view within the intermediate micro-context. It can be seen as the coordination among a peer group (cf. Shi et al., 2009). The focus was on simultaneously managing the existing and the new. It involved the competing requirements from the top and bottom (Floyd and Lane, 2000).

The activity direction was intermediate-intermediate. It was an overall horizontal form of involvement that seemed to reinforce itself.

Three different roles were found therein. First, there was the *discussant*. This role was about information sharing and discussion. Proposals and concerns were exchanged between different discussants. Such activities often served to increase the awareness of both the strategy intentions in the top and the actual doing in the bottom. This was an iterative process that seemed to be important for sensemaking (cf. Balogun and Johnson, 2004; Beck and Plowman, 2009). Many of these discussions were informal. The information was mostly expressed in verbal forms. This role was assumed by corporate staff management, temporary governance, and operational middle management.

Second, there was the *mediator*. This role was about the balancing of different and often competing requirements, such as the new and the existing, top-down and bottom-up processes, technology push and market pull, and so on. It involved the surfacing of conflicts and potentially (but not necessarily) the solving of these. The mediators were often involved in iterative discussions. These took place through formal meetings, such as project steering committee meetings, as well as in informal settings, such as casual conversations during coffee breaks. Again, the information was mostly expressed verbally. The practitioners who assumed this role were found mainly among corporate staff management and temporary governance.

Third, there was the *fine-tuner*. This role involved the promotion of individual disparate agendas and the search for broader support among peers. It was about the promotion of certain decisions and activities and the simultaneous discouragement of competing alternatives. The fine-tuners usually aired their concerns informally, most often behind the scenes, and the information was expressed verbally. Corporate staff management, temporary governance, and operational middle management assumed this role.

This integrating function and the roles therein are summarized in Table 20.

Table 20: Characterization of the integrating function called horizontal facilitation

Focus	New and existing
Activity direction	Intermediate-intermediate
Typical roles	Discussant Mediator Fine-tuner

Summary and reflections

Middle management has been described as impacting change both negatively and positively (e.g. Balogun, 2003; Huy, 2001, 2002). Middle managers can be resistant and block upward and downward communication, but they can also be instrumental facilitators of change efforts. Existing literature has, for example, described them as change intermediaries (Balogun, 2003), evaluators and sellers (Ren and Guo, in-press), brokers (Shi et al., 2009), and “individuals who make decisions about how to implement the organization’s strategic objectives” (Beck and Plowman, 2009: p. 912). The roles of this broad category of practitioners have been examined under topics such as corporate entrepreneurial process (e.g. Ren and Guo, in-press), organizational restructuring (e.g. Balogun and Johnson, 2004), strategic agency (e.g. Mantere, 2008), strategic renewal (e.g. Floyd and Lane, 2000) and strategy process (e.g. Shi et al., 2009; Wooldridge et al., 2008).

It has been suggested that middle managers occupy structural positions necessary to vertically connect the top and bottom (e.g. Shi et al., 2009). The much referred to typology developed by Floyd and Wooldridge (1992, 1994) focuses on the downward and upward influences.

An improved understanding of the details of middle management roles is relevant for the strategy-as-practice literature (Mantere, 2008). In the model proposed by Jarzabkowski (2005: p. 43), middle managers can be seen to represent important strategy practitioners in the organizational community.

The three integrating functions and nine corresponding roles that various practitioners assume therein, which have been identified in this study, provides a more nuanced picture of the roles assumed by the different categories of people structurally positioned between the top and bottom. The grounded typology is summarized in Table 21.

Table 21: Functions and corresponding roles within the evaluative activities

	Downward implementation	Upward recognition	Horizontal facilitation
Focus	New into existing	Existing into new	New and existing
Activity direction	Intermediate-up-down	Intermediate-down-up	Intermediate-intermediate
Typical roles	Strategy messenger Strategy evaluator Strategy translator	Activity messenger Activity evaluator Activity translator	Discussant Mediator Fine-tuner

In particular, the horizontal facilitation is an important and underexplored integrating function for the overall strategy formation process. This study has shown that it was through the alignment of the different points of view within the intermediate micro-context that the competing requirements from the top and bottom were managed. The details and dynamics of the discussant, mediator, and fine-tuner roles seem to be promising topics for further study.

This study has also provided additional information in terms of the acknowledgement of different kinds of practitioners within the broad category of people called middle management. More specifically, it has identified corporate staff management, temporary governance, and operational middle management, which all have in common their interaction with top management above, operational-level employees below, and with peers on the same organizational level (cf. Beck and Plowman 2009). All of them have been shown to be instrumental to the strategy formation process. These people, their activities, and the practices they use need to be taken seriously in both research and practice.

7 MY STRATEGY SAFARI

The aim of this chapter is to summarize the findings and present the implications from this study for research and practice. Some of the prevailing foci in the existing literature will be challenged.

As others have reported, a focus on the activity-level insights can potentially lead to an absorption in the details and consequently a risk of missing the linkage to broader topics (e.g. Johnson et al., 2003). In fact, during the process of analyzing the multitude of practitioners and their doing in different kinds of activities, I have experienced this dilemma myself. With inspiration from the strategy-as-practice perspective, an empirically grounded conceptualization of the empirical material was developed in the previous chapter. Through a multi-stage approach, the analyses gradually zoomed in on the details that could explain the dynamic evolvement of the new strategy.

This chapter will summarize the findings and draw conclusions. The concepts developed in the previous chapter will be used to inform both research and practice. Particular attention will be given to the theorizing about strategy as an emergent process (Mintzberg, 1978, Mintzberg and Waters, 1985).

7.1 *Linking the activity and firm levels*

This study has developed findings on different levels. The following summary will start from the detailed contributions and then gradually zoom out towards the broader topics. It will thereby be shown how the results from the activity-level analysis, including the different integrating functions and roles inside the evaluative activities, can inform the understanding about the firm-level convergence of deliberate and emergent strategies. Such linkage of the findings is in itself a contribution of the study. It exemplifies how “close engagement can uncover the real ambiguity and fluidity of the broad strategy trends” (Whittington, 2006: p. 617) and how a strategy-as-practice perspective can serve as an integrating mechanism for the strategic management field (Johnson et al., 2003). Figure 21 illustrates how the findings are related. It can be argued that they largely correspond to earlier theorization. However, nuances that have been less reported in previous research have been found, and these will be pointed out.

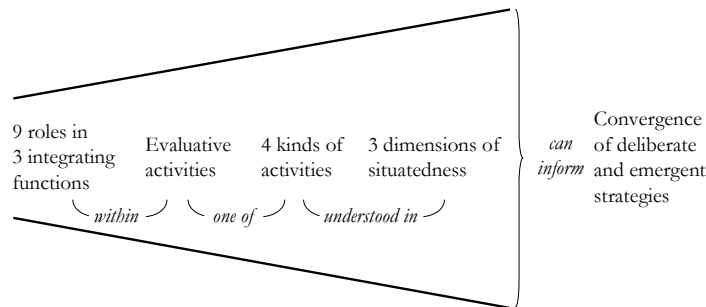


Figure 21: *The findings and how they are related*

The grounded analysis of the rich real-time empirical material has shown that the prescribed and unrecognized activities, which in turn were found to be similar to the concepts of deliberate and emergent strategies respectively, converge through an active process. This involves different practitioners playing one or more of the following roles: strategy messenger, strategy evaluator, strategy translator, activity messenger, activity evaluator, activity translator, discussant, mediator, and fine-tuner. They are actively involved both in the vertical connections between top management and the lower levels in the hierarchical organization, and in the horizontal connections within the intermediate micro-context. The resulting convergence of strategy intentions and actual happenings in the organization is vital for the overall strategy formation process. Top management needs to become more sensitive to these

people and their doing. The identification of multiple practitioners within the broad category of people that in existing literature is often referred to as middle management (cf. e.g. Shi et al., 2009) is a contribution of this study. Moreover, the fine-grained conceptualization of the different roles provides new insights about this important but undervalued aspect of the practice of strategy formation (Mantere, 2008).

These roles can be categorized into three kinds of integrating functions. There is the downward implementation of the deliberate strategy. This is about the alignment of the actual doing in the bottom with the strategy intentions in the top. There is also the upward recognition of the emergent strategy, which instead concerns the alignment of the strategy intentions in the top with the actual doing in the bottom. Finally, there is the horizontal facilitation mechanism, which deals with the alignment of the different points of view within the intermediate micro-context. The grounded typology of the integrating functions and roles that was presented in Table 21 contributes to the understanding of the multitude of mechanisms that involve middle management (cf. Floyd and Wooldridge, 1992, 1994). In particular, the identification and descriptions of the horizontal facilitation function and the corresponding roles therein seem not to have been explored fully before.

These integrating functions and roles reside within the evaluative activities. They are located “in-between,” both in terms of the structural position and the new/existing balance. This kind of activity was found to be increasingly important to the dynamics of the strategy formation process over time. Three different types of practitioners can be found therein: corporate staff management, temporary governance, and operational middle management. The first two of these in particular seem not to have been the focus of previous studies. The evaluative activities typically involve a high degree of face-to-face interaction, which can result in a redefining of “work,” a reformulating of strategy intentions, and a lot of discussing, corresponding with the three integrating functions respectively. Typical practices are highly interactive and include the transferring and translating of information, and the broadening of political support. Such details grounded in the actual practice have provided a nuanced understanding of these important practitioners and what they actually do in the strategy formation process. They need to be taken seriously in both strategy research and practice.

It has been demonstrated that the strategy formation process involves multiple, distributed and interrelated activities, all of which have strategic outcomes. The grounded typology presented in Tables 16 and 17 provides a detailed account of four distinct kinds of activities, which, in addition to the evaluative activities, also include the visionary and the prescribed activities, both

of which focus on adapting to a new situation and take place in the top micro-context; and the unrecognized activities, which focus on doing business as usual and can be found in the bottom micro-context. The detailed descriptions of the actual practice, including the people, what they do, and how they do it, have illustrated the richness of this subject. More specifically, the identification of six different types of practitioners and their doing provides a view that is in contrast to much of the existing strategic management literature, which has often focused on top management (e.g. Jarzabkowski, 2005) or on other broad categories of practitioners based, for example, on structural positions in hierarchical levels (e.g. Burgelman, 1983a).

The analysis of the situatedness has shown three important dimensions within which the activities are done and need to be interpreted: timeline, micro-context, and new/existing balance (see Figure 17). The grounded typologies that were summarized in Tables 10 and 11 provide the basis for a more complete understanding of the different activities and how they are interrelated in terms of temporal evolution, structural position, and activity focus. The study has demonstrated that strategy formation can be an iterative process over time; it can take place in multiple micro-contexts: top, intermediate, and bottom; and it can be about simultaneously managing the new and existing. In contrast to other studies, this study has shown that strategic activities in the top can focus on adapting to a new situation, while the activities in the bottom can focus on doing business as usual (cf. Regnér, 2003). This particular finding exemplifies the richness of this subject.

7.2 Towards a more dynamic understanding of strategy formation

These new insights about the details involved in the practice of strategy formation can in turn inform a more dynamic understanding of this subject. Some of the existing theorizing can be challenged. The concept of intended strategy is often referring to “leadership intentions and plans” (Mintzberg and Waters, 1985: p. 257). It is, in other words, the pattern of activities that leadership intends the organization to undertake and that they plan for. In order for the intended strategy to become known to the organizational members, it naturally needs to somehow be communicated. This requires that it become formulated and launched. This study has shown that both the formulation of the intended strategy and the launch of it can be continual processes rather than discrete events. They can also be iterative rather than sequential. A reciprocal adaptation over time during which learning from the actual doing can inform the leadership intentions, and vice versa, has been exemplified. If the intended strategy can change over time, it can be argued that it means little to talk about this concept without simultaneously referring to a timeline. In other words, there can be a unique intended strategy at every point in time. It represents the strategy intentions at that moment.

Similarly, the existing literature often refers to the concept of realized strategy as “what the organization¹⁹ actually did” (Mintzberg and Waters, 1985: p. 257). In other words, it is seen to be about the pattern of activities that are eventually carried out in the organization. It is implicitly assumed that the realized strategy is located at a later point in time than the intended strategy. However, this study has shown that the temporal positions can be discussed. A realized strategy can potentially be identified as soon as the intended strategy to which it relates has been launched. Again, however, the exact timing of this can be difficult to define empirically. Moreover, the realized strategy is a matter of becoming. It is never completed. The term “realized” must not be seen as “completed” but rather as “what it is for the time being.” Similarly to the discussion about the intended strategy, there needs to be a reference to a timeline when talking about a realized strategy. It represents what has actually been done up until a certain point in time. The fluidity of intended and realized strategies has been demonstrated.

¹⁹ The practitioners are not made explicit in this expression. This can illustrate the lack of focus on the people and what they do in the strategy formation process. It is my hope that this point has been made clear throughout the thesis.

This study has also provided empirical support for the fact that the realized strategy can be understood as a combination of deliberate and emergent strategies. Moreover, it has identified a convergence over time that, in this specific case study, in turn can be explained by the three different integrating functions and the nine roles therein, which have been discussed above. For example, the temporary governance can assume the roles as strategy translators for the downward implementation, activity evaluators for the upward recognition, and discussants for the horizontal facilitation. Thereby, they can influence how deliberate and emergent strategies become connected over time. Corporate staff management and operational middle management can play similar roles. This has been extensively described and analyzed in the previous chapters. The conceptualization of different strategy types and their relationships would benefit from being completed with such information.

Figure 22 illustrates a dynamic view of the strategy types and process that takes the points discussed above into consideration. It is based on the much referred to description of different strategy types by Mintzberg (1978) and Mintzberg and Waters (1985). This synthesis of the existing theoretical concepts and the findings from this study summarizes how the activity-level findings, including the different activities and the particular integrating functions and roles, can inform an improved understanding of the strategy trends at the firm level.

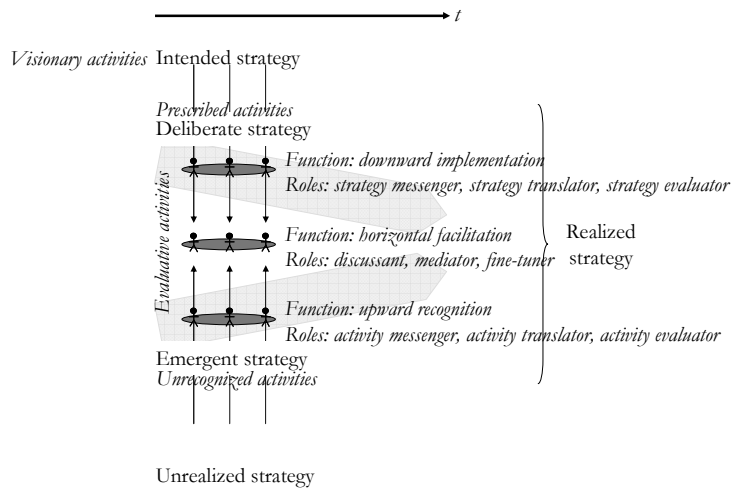


Figure 22: Synthesis of the existing theoretical concepts and the findings from this study

The findings from this study have some implications for research. *What activity is actually strategic?* As discussed earlier, the prevailing definition of strategic activity requires intentionality. In other words, a strategic activity must be intended to have strategic outcomes. Whether or not these intentions are met seems to be irrelevant, in reality. Such a definition favors the traditional view of a strategy formation process based on clear intentions in the formulation phase, followed by a realization of the strategy in the implementation phase. It also leads to a bias towards the role of top management and their doing. Thereby, it risks concentrating on the typical activities and practices among top management such as running strategy workshops, formulating strategy intentions, allocating resources, setting targets, and so on.

Moreover, it does not, in reality, acknowledge the unintended consequential activities. These can only be covered through retrospective reconstruction by top management. This is a fundamental research design problem. There is a definite risk of excluding several, according to the definition, non-strategic activities from real-time studies, even though such activities can be strongly related to strategic outcomes.

Again, the importance of emergent activity has been shown in previous literature. It has also been demonstrated in this study. There can be several distributed activities that are initially not intended to have strategic outcomes but that nevertheless turn out to be instrumental to the strategy after the fact. They can include the doing of “work” that in real time might be regarded simply as routine tasks, such as the development of a new product, for example. Such doing might, however, retrospectively prove to have strategic outcomes. As this study has shown, there can also be many iterative activities during which both the strategy intentions and the actual doing are reformulated, redefined, and discussed. Clearly, such activities can have strategic outcomes, even though any such intentions might not have existed up-front. This study has demonstrated that these kinds of activities can be highly important for the dynamics of the strategy formation process and that, therefore, they need to be included in the research designs that are developed for studying these rich phenomena.

It can be argued that all activities that have strategic outcomes, in principle, should warrant interest from strategy researchers. Improved knowledge about the details of both the typical strategic activities and the unintended consequential activities, which have been identified in this study, is important for both scholars and practicing managers. It could be particularly rewarding to develop a detailed understanding about such happenings through which these two categories of activity connect and combine.

Based on the findings from this study, it can also be suggested that the existing definition of strategic activity be challenged. It seems to be highly relevant to relate strategic activity to strategic outcomes. In other words, strategic activity could alternatively be defined as “activity that has strategic outcomes.” The focus would then be on activities that actually shape the strategy, regardless of the intentions up-front (cf. Jarzabkowski et al., 2007). Not only would such a definition include the unintended consequential activities, which have been explored in this study, it would exclude those activities that turn out not to have strategic outcomes even if they had been intended to do so. Such a definition would surely open up for new possibilities to take the strategy formation agenda forward, both in research and practice.

Where can we find activity that has strategic outcomes? A dominant view in much existing literature is that strategizing takes place through top-down processes within or closely connected to the top of the organizational hierarchy (e.g. Jarzabkowski, 2005), or in remote areas far from top management through bottom-up processes (e.g. Regnér, 2003). This study can confirm both of these situations. Moreover, it has identified the critical “in-between” location of the intermediate micro-context, within which many activities that connect the strategy intentions in the top with the actual doing in the bottom happen. Settings such as strategy meetings, steering committee discussions, and project review meetings as well as the detailed doing therein can provide interesting research opportunities and need to be taken into account in the studying of strategy. These settings can in turn provide clues about ongoing unrecognized activities that can be potentially interesting in terms of real-time emergent strategy. Activities that have strategic outcomes can, in principle, be found anywhere.

Who is engaged in activity that has strategic outcomes? Even though there are some studies that have researched the role of middle and lower-level management in strategy formation, the existing literature has focused on the role of top management. Through the identification of six different types of practitioners from the top, intermediate, and bottom, this study has provided a more nuanced view of who the strategy makers are. In principle, anyone can be a potential strategist. In particular, the detailed accounts of the three types of practitioners within the intermediate micro-context have provided new insights about strategy formation as a firm-wide distributed engagement. Strategy research needs to broaden the focus accordingly. It is suggested that extra attention be paid to practitioners such as corporate staff management, temporary governance, and operational middle management. These people and their interactions with others both upwards and downwards in the

organizational hierarchy can reveal important findings about the dynamics of the strategy formation process.

How can activity that has strategic outcomes be studied? Again, strategy research needs to embrace the kinds of activities, settings, and people that have been described above. It is then likely to find material that can advance knowledge about the strategy formation process. There are, of course, some methodological implications of such an approach. One challenging issue is that, in principle, it is only possible to empirically define such activities retrospectively. This study has shown some challenges of trying to capture the nuances of activities that have strategic outcomes, in real time. To approach this effort seriously, it is necessary to accept the dilemma of collecting empirical material that most likely will include both relevant and irrelevant activities. Again, it will only be known in retrospect whether happenings that at first might seem to be nothing more than ordinary day-to-day activities will prove in the future to have strategic outcomes. Studying such activity will benefit from an inductive approach, which can capture as much detail as possible. A drawback is that there is a clear risk of collecting empirical material about activities that turn out to be irrelevant to strategy formation. In other words, a lot of effort could be spent on details that in the end might be of little or no use to the study. This will not be known until after the material has been analyzed. If one is serious about studying emergent strategy in real time, it is necessary to accept this dilemma. In order to limit this risk and to identify relevant settings as quickly as possible, it can be suggested to focus on the practitioners and their doing in the intermediate micro-context. Moreover, it is important to have significant access to the organization and to be knowledgeable about the studied situations. The use of qualitative methods, including combinations of observation, interviews, and documents, is highly relevant for capturing further details about this subject.

As discussed, this study was not only about strategy formation; it was also about the greening of business. The close attention to the details offered by this study has provided an improved micro-level understanding about that particular subject. It has been demonstrated that the fundamental question of whether it makes business sense to “go green” can be problematic in reality (e.g. Wagner, 2009). For example, it has been shown that multiple competing views can coexist regarding the rationale for actually integrating a concern for the natural environment into the business strategy. Even though the findings of this study correspond well to the general motives identified in existing literature (cf. e.g. Bansal and Roth, 2000; Paulraj, 2009), they also illustrate that motives can differ between people within the firm and over time. This study has also shown that it can be difficult for top management and others to turn an intended strategy, in

which environmental issues play a more important role, into concrete day-to-day business decisions and activities. The greening of business is an iterative process over time (cf. e.g. Fowler and Hope, 2007; Füssel and Georg, 2000) that involves the simultaneous exposure to two competing types of activity focus: adapting to a new situation and doing business as usual. It has been demonstrated that several trade-offs need to be dealt with in this change effort. The detailed descriptive accounts and the multi-level analyses illustrate that this can be a challenging process and serve as a complement to the many normative ideas that are found in the existing organizations and environment literature (cf. Hart, 1995, 1997; Lash and Wellington, 2007). The literature would benefit from additional rich descriptions of an actual practice, in order to close the gaps between the theories and the empirical phenomena.

The implications from this study are not only theoretical but can also be used by people who are engaged in such processes in practice. It has been shown that strategy formation in general, and the greening of business in particular, is a delicate balancing act. For example, it requires the simultaneous management of the new and the existing; it spans several micro-contexts; it involves multiple activities in top-down, bottom-up, intermediate-up-down, and intermediate-down-up directions, which are connected through downward, upward, and horizontal integrating functions; and it deals with a number of different people and their actual doing.

The concepts developed can, for example, be used by managers to reflect upon their own work. Thereby, both the understanding about, and the acceptance for, how strategies can form over time can be improved. The findings can also provide information about important points of consideration to which managers need to pay attention when trying to develop and implement new strategies. Such insights could typically have to do with which people are (and who should be) involved in the strategy work over time, what kinds of activities these people are (and should be) doing, what sorts of practices they are (and should be) using, what roles they assume (and how well these are aligned with the intended process and outcome), and so on. For example, if a manager wants to support a further convergence of the strategy intentions and the actual activities happening in the organization, it can reasonably be suggested that some efforts be concentrated on the people and their doing in the intermediate micro-context.

7.3 Conclusions

Is it relevant to let the Positive Impact story inform an improved understanding about the practice of strategy formation in general? Some characteristics of this study need to be summarized in order to answer that question. First, it can be problematic to make generalizations based on a single case study per se. The firm called the MECH Group, which has served as a setting for the fieldwork, has its special distinguishing qualities. It is a multinational firm that is seen to be successful in many respects. For example, it is recognized as a leading firm in terms of both financial and sustainability performance. This firm has an “engineering culture.” Its headquarters have always remained in Sweden, and a management style of negotiating and developing consensus seems to have developed over many years. Such aspects must be taken into account when the findings are interpreted.

Second, this study has been about a particular phenomenon, namely, the greening of business. It has examined the practice of integrating a concern for environmental issues into business strategy. A couple of reflections can be shared about the potential uniqueness of such a strategy formation process. To begin with, it needs to be noted that it tackled the question about the role of firms in the society. It was not only about optimizing the performance within predefined rules of the game; the greening of business involved an expansion of the actual playground. It involved social and moral engagements to not only make good profits, but also to make them in a good way – taking care of the natural environment was seen to be the right thing to do. This was about a repositioning of business in its macro-context. It involved shareholder value as well as a broader stakeholder perspective.

Moreover, there were many different views about what was wrong and right in the process. There were no universal “truths.” This study has illustrated the complexity of rationality, values and emotions in reality. It has demonstrated that the link between, on the one hand, the natural environment, and on the other hand, the business, can be viewed in different ways. For example, it has been shown that the senior management of the MECH Group discussed the natural environment and business as if they were inseparable, especially over the long run. Consequently, the greening process was mostly managed as a business-driven change effort. However, at the same time, this link between business and the natural environment was not as clear for many of the other members of the organization. The business case related to the new strategy was often debated, especially among middle operational managers, who were required to deliver quarterly results in line with predefined financial targets. In the short run, Positive Impact was treated as added work with little or no

immediate positive performance effects. The long-term potential benefits were mostly not taken into account in the actual operational to-do lists.

The greening of business also required adaptation to a new situation. There were, in principle, no past experiences to rely on. The available practices were mostly not tuned to the new direction towards which this strategy was pointing. Moreover, the people who were supposed to actually make change happen had little or no experience relating to what the greening of business would mean in reality. The whole process involved iterative trial-and-error approaches, in which existing ideas needed to be challenged and risks had to be taken.

It can be argued that this particular study can be seen as a special case of new strategy formation. It required some fundamental rethinking of what business is actually all about. Thereby, it can of course be problematic to make broad generalizations.

At the same time, it should be noted that the actual findings that have been developed from the Positive Impact story largely correspond to existing theorizing about strategy formation. Thus, there are arguments for letting studies that focus on the greening of business inform the theorizing about strategy formation in general. Moreover, accepted strategic management theory can provide new knowledge in the organizations and environment field.

Throughout this journey I have had the opportunity to move beyond the many simplified descriptions of what strategy is or should be. Having excellent access to material has made it possible to engage with the messiness and details of the reality, in a longitudinal study of how a new strategy actually forms. Through a substantial number of real-time accounts from multiple practitioners, the richness of this subject has been discovered. I hope that it has become clear that strategy formation is multifaceted and that it needs to be treated as such both in theory and practice. Context, content, process, and rationale are interdependent types of inquiries.

To sum up, this study has opened the black box between strategy intentions and what is actually happening in a dynamic process over time. The combination of the strategy-as-practice and strategy process traditions has provided new insights about how strategies form at both the activity and firm levels. The findings contribute to the theorizing about strategy formation in three ways. First, the detailed real-time activity-level descriptive accounts provide empirical substantiation about this phenomenon. Four kinds of activities that have strategic outcomes have been identified and analyzed: *visionary*, *prescribed*, *evaluative*, and *unrecognized*. Second, the inclusion of multiple people and the activities they do that could emerge with little or no strategy intentions, yield a more comprehensive picture compared to the traditional focus on top management and their intended activities. Six types of internal

strategy practitioners have been shown to be influential in the strategy formation process, either consciously or unconsciously, directly or indirectly: *top management, strategy task force, corporate staff management, temporary governance, operational middle management, and operational-level employees*. Third, the rich understanding about an actual practice has informed the theorizing about the convergence of deliberate and emergent strategies; thereby the activity- and firm-level findings have been connected. Three different kinds of integrating functions have been identified: i. *downward implementation*, ii. *upward recognition*, and iii. *horizontal facilitation*.

The findings also contribute to the knowledge about the greening of business. By developing a detailed empirical account about the practice of integrating environmental issues into business strategy, the study provides a descriptive view as a complement to the many normative ideas that are found in the existing literature. It also connects the greening of business to general strategic management theorizing.

Furthermore, this study provides a methodological contribution in terms of how the richness of strategy formation can be researched, especially concerning the capturing of relevant empirical material in real time. The importance of having significant access to, and knowledge about, the organization under scrutiny has been demonstrated. Moreover, it has been shown how a focus on the practitioners and their doing in the *intermediate* micro-context can enable the studying of multiple people involved in various activities that have strategic outcomes.

In addition, the improved understanding of both how a new strategy actually forms in general, and of how environmental issues are integrated into business strategy in particular, provides more realistic grounds upon which implications for practicing managers can be derived.

Finally, the kinds of fine-grained accounts of the practitioners and their doing that have been presented in this thesis are needed to develop theories that are better connected to the empirical reality. More such studies would be welcomed. In particular, further detailed descriptions of the activities and processes that happen outside the direct control of top management are needed to develop a more comprehensive understanding of the practice of strategy formation and the greening of business as firm-wide phenomena.

EPILOGUE

Throughout 2010 the work to implement Positive Impact continued. Increasing pressure from internal and external stakeholders – including top management, operational-level employees, customers, and investors – led the Corporate Sustainability department to start a project to “define, measure, and verify” the MECH Group’s products and services that provide improved environmental performance. This was a Group project that involved several people from various parts of the organization. All the Business Divisions as well as other staff functions were represented, either in the project team, or in the steering committee. The objective was to develop clear categories, criteria, methods, and processes, so that the firm’s response to the challenges and opportunities related to the natural environment could be credibly demonstrated to stakeholders. This project was described as “a natural materialization of Positive Impact.” The CEO argued that it would give the firm a leading position and that it would “drive innovation in this direction.”

At the same time, the E-line products were gradually introduced to an increasing number of customers. The marketing efforts were successful in some instances but not in others. Effective case stories were highlighted in communication campaigns. Some customers explicitly stated that environmentally friendly solutions were important to their business. However, the general perception among the MECH Group’s sales force was that the customers’ concern for the natural environment mostly was a secondary factor. To be successful in the market place, the economic arguments had to be brought forward. The E-line products needed to make sense from the perspectives of both business and the natural environment.

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