Introduction

This book is about strategy making. Over the last 50 years, academics, consultants, and practitioners have been thinking hard about strategy, providing many – often powerful – analytical tools, frameworks and processes. And for many years, the academic discipline of strategic management had an impressive impact on organizational practice. But times have changed. When I talk to managers about strategy and strategy making today, they often roll their eyes and their body language waves this topic aside. Asked for reasons or underlying experiences that cause their refusal, they often answer in the form of a question: ‘What about strategy implementation?’ When inquiring further it turns out that this question actually refers to their practical experience – many strategies are not realized. Even more dramatic, this experience is becoming a truism. As a result, strategy has become a term that has fallen into disgrace for many practitioners and dramatically lost practical relevance in recent years (see Huff, 2001).

This is a paradox because, at the same time, practitioners as well as academics see that creative and customer-oriented strategies are increasingly indispensable to organizations in times of hypercompetition and rapidly changing business environments (see Magretta, 2002; Porter, 1996; Ford and Gioia, 1995). In accordance with other strategy researchers my sense is that these times of rapid change require substantial modifications in strategy making. In such an uncertain environment, ‘the key to success moves from the “optimal strategy” to the “most skilful strategy process”’ (van der Heijden, 1996, p. viii). Instead of being the strategic decision makers they used to be, top managers become strategic architects, designers and coordinators of a skilful process which involves people at many levels of an organization. Thus, strategy making has become radically decentralized in an organization, involving many people (Floyd and Wooldridge, 2000, p. xiv; Hamel, 1996).

Despite this shift towards decentralization, strategic management research and practice still tends to overly emphasize the more rational aspects in strategy making that focus on the best economic solution. By dismissing other important factors, such as the aspirations, feelings, emotions and values of involved organizational members, strategy making may produce a logical or even an optimal economic strategy, but its outcome is very often far from being received as an attainable and realistic strategy by
organizational members. In effect, strategies are frequently not realized due to the fact they cannot successfully connected to the existing mental concepts and desires of organizational members (see Liebl, 2001a and 2001b; Mezias et al., 2001).

As a strategy consultant I can draw from many practical cases which confirm these shifts and their effects for strategy making. However, I have also been involved with and influenced by the academic field of strategy as a scholar for many years, and I have become more and more theoretically intrigued by the changing nature of successful strategy. This book is the product of five years of academic research that was guided by the practical question: How can organizations develop creative strategies that are desired and attainable in the eyes of the many organizational members who must be involved?

When I started this somewhat ambitious research project a pragmatic and problem-oriented perspective offered me a different view on the contributions of available literature in management theory. While the field of strategic management provided only limited sources with regard to the practical problems I saw confronting strategy, other fields in management theory, such as organization theory, organizational development and change, and managerial and organizational cognition offered many relevant theoretical insights which are closely linked with strategy.

One of these research areas that offered especially relevant findings focused on organizational identity, which refers broadly to what organizational members perceive, feel and think about their organization (Whetten and Godfrey, 1998). The organization’s identity reflects what members think about ‘who they are as an organization’ as well as ‘who they should be as an organization’. This research area provides strong empirical evidence that indicates that identity has significant impacts on strategy making (see Dutton and Dukerich, 1991; Dutton and Penner, 1993; Dutton et al., 1994; Gioia and Thomas, 1996; Glynn, 2000; van Rekom, 2003).

However, these remarkable findings have not attracted the attention of strategy researchers adequately. In fact, it seems that research in strategic management does not pay enough attention to relevant findings and contributions in other fields of management theory that are likely to question their still dominant rational mind-set and economic focus. Thus, it is no surprise that the impacts of value-laden and identity-related factors have not been considered in strategic management, prolonging the existence of the striking blind spot in strategy that initially led to my academic studies.

Responding to this blind spot, I consequently focused my research on organizational identity and strategy, explored their relationship and developed a theoretical dynamic framework that puts organizational identity in a strategy context. But working with companies in practice, theoretically
linking two streams in management theory is not sufficient. Especially, strategists and consultants need to find a procedural answer on how to design a strategy – they need to develop a skilful strategy process in practice. From that practical perspective, strategy making is about process-embedded actions. When taking this seriously, theoretical findings in strategy need to be taken further down the road – down to the practical work of strategy making which needs operational steps and concrete procedures. This is what this book tries to do.

Based on theory and theoretical findings, it is the aim of this book to propose a practical strategy making process that can help organizations to evolve creative strategies that are desired and attainable in the eyes of organizational members. I argue that individually *desired* organizational identities which refer to the future – and which can be seen as individual visions – not only have a strong impact on strategy making but can be practically used in a strategy making process. These individual visions play an important part for the whole strategy making process. But these visions are only one aspect that enables the design of a desired and attainable market strategy that works in practice. Understanding the critical needs of current and potential customers is the other important condition to design a successful market strategy. This book shows how customers and their needs can be closely connected to organizational identity in practical strategy making.

During academic research my consulting profession ensured that I was constantly able to assess how newly gained theoretical findings can be turned into practical process steps in strategy making. In effect, many parts of the whole strategy process design and its operational steps and procedures proposed in this book are a result of my daily work with private and public organizations.

By offering a concrete and also theory-rooted strategy making process which has been tested in practice, this book contributes to the development of a ‘most skilful strategy process’ – as van der Heijden has called it. It demonstrates that relevant findings in other fields of management theory are worth considering and can be used to modify strategy making in practice. It is my personal solution to preventing strategic management from losing relevance in practice.

In summary, this book offers three main contributions in the field of strategy:

- developing a theoretical dynamic framework that puts organizational identity into a strategy context;
- proposing a practical strategy making process that can help organizations to evolve creative strategies that are desired and attainable in the eyes of organizational members, and
showing how the organization’s customers can be closely connected to organizational identity in strategy making.

**Audience**

This book is meant for academics in strategic and organizational management, researchers, leaders and managers as well as consultants and students who are searching for new and innovative processes in practical strategy making that are also grounded in management theory. It addresses both ‘practice-oriented academics’ and ‘reflective practitioners’ who seek academic work that does not – in their opinion – remain theoretically abstract and detached from important practical questions or who do not want to rely on practitioner books that give – again in their opinion – too simplistic answers to complex issues.

**Overview of the book**

This book is organized into eight chapters that move from identifying a specific blind spot in the field of strategy to exploring theoretical foundations for an alternative, developing a theoretical framework that fits the practical requirements for strategy making and finally to designing a practical strategy making process which is tested in a real case study and discussed afterwards.

Chapter 1 establishes the intention of this book in more detail by substantially identifying the critical blind spot in contemporary strategy making theory. Drawing on relevant literature, it describes the missing link between organizational identity and strategy.

Chapter 2 provides an overview of the concept of organizational identity, its theoretical foundations and links to other management concepts by briefly reviewing the relevant literature in organization theory.

Chapter 3 relates organizational identity to the concept of strategy. It clarifies that strategy is an exceptionally customer-oriented concept before developing a theoretical framework which considers two different temporal aspects of organizational identity in the context of strategy – current (present) organizational identity which is separated from desired (future) organizational identity. This chapter shows that a dynamic framework can be created by merging these two temporal perspectives. Even more, it indicates that desired organizational identities are strong active drivers and motivators to guide organizational change.

Chapter 4 analyses the impacts of desired identities on strategy making in practice and formulates four substantial new requirements for a practical strategy process. To support new requirements theoretically this chapter explicitly draws on topics such as appreciative inquiry and system thinking in management theory and beyond.
Chapter 5 briefly describes how these new requirements can be methodologically integrated into a general strategy making process design. This short chapter also identifies another blind spot in the field of strategy – the actual design of a practical strategy process which covers many operational actions that are key to successful strategy making.

Chapter 6 describes what a concrete, designed strategy making process can look like and how it can craft a creative market strategy that is desired and attainable in the eyes of organizational members. This is done in the form of a real case study. At certain points in the case study, further theoretical and practical background is provided that helps to clarify and further reflect on methodological or theoretical questions with regard to the processes and steps proposed. As this chapter represents an important contribution by describing the proposed practical strategy process in detail it takes up a substantial part of the book.

Chapter 7 briefly reviews the case study and highlights selected lessons learned. In addition, it describes further practical experiences gained with the impact of desired organizational identities, in particular in larger organizations.

Chapter 8 concludes this book by discussing the central function of weighing and balancing rational and analytical with value-laden factors when designing practical strategy making processes.