1. Introduction

Strategy-making mirrors the economic environment. When overall economic conditions are favorable, resources are readily available, sales forecasts are met, customers remain loyal, shareholders are calm and strategy making¹ is about stating the obvious: a foreseeable future, making decisions about which we know the outcome in advance (e.g. Rumelt, Schendel and Teece, 1991, 1994). However, in a crisis, the business landscape is neither stable nor predictable, resources are scarce rather than abundant, customers disappear, and shareholders revolt, all of which can make prediction and control very difficult (e.g. Gibbert, Hoegl and Valikangas, 2007; Hoegl, Gibbert and Mazursky, 2008; Farjoun, 2008; Moldoveanu, 2009; Gavetti, Levinthal and Rivkin, 2005).

What lever to use for strategy making in a crisis? I believe that we can learn some important lessons for coping with the present (and eventual future) crises by taking an in-depth look into how successful strategies have been crafted in past times of crisis. In the early 2000s, I undertook an in-depth field study (Gibbert, Ruigrok and Wicki, 2008; Yin, 1994; Eisenhardt, 1989) inside a major diversified firm in the electronics and electrical engineering industry, here called ElectroCorp. What I found is that the problem, and the solution, is one of imagination. If there is not only one foreseeable future but several (or none), a company without imagination might either not be able to see the light at the end of the tunnel or, worse, mistake it for an oncoming train.

What do we know from previous literature? For decades, both scholars and managers have raised serious concerns about the extent to which existing approaches to strategy-making can help the firm in envisaging, conceiving, and realizing more imaginative strategies (Moldovenau, 2009; Pehrsson, 2006; Weick, 1989; Szulanski and Amin, 2001; Hamel, 1996; Porter, 1991; Chakravarthy, 1997). So it does not seem surprising that the most recent research increasingly calls for greater attention to imagination in the crafting of strategy (Szulanski and Amin, 2001: 537; Hamel, 2000: 3; von Krogh, Ichijo and Nonaka, 2000: 166–8; Roos and Victor, 1999: 348). As Porter argued, ‘the most successful firms are notable in employing imagination to define a new position or find new value in whatever starting position they have’ (Porter, 1994: 441–2, cited in Szulanski and Doz, 1995: 17). Never has this been more relevant than under the current economic conditions.

BACKGROUND

A number of prominent thinkers and practitioners in business have recently observed that the processes by which firms envisage, conceive, and realize strategies in general and in times of crisis in particular are not well-documented (e.g. Müller-Stewens and Lechner, 2001; Mintzberg and Waters, 1985; Hamel and Prahalad, 1994a; Lovas and Goshal, 2000). Two main streams of thought concerning the making of strategies stand out in the literature, namely strategy content research and strategy process research. But a review of the literature makes it clear that the two are not well integrated. Although considerable research has been focused on strategy content in terms of specific industry (Porter, 1980, 1985, 1991, 1998, 2001), or resource structures (Barney, 1991; Prahalad and Hamel, 1990; Peteraf, 1993; Wernerfelt, 1984, 1995), less attention has been devoted to how these structures arise in the first place. Similarly, while much strategy process research has examined contextual factors, decision making processes, intuitive and analytic aspects (e.g. Mintzberg, 1976; Mintzberg and Waters, 1985), less attention has been paid to specific managerial practices that determine the origins of, and the connection to, these industry and resource positions. In brief, the conceptual development at the interface between strategy process and strategy content research is at a preliminary stage (e.g. Burgelman, 2002; Schendel, 1992; Rumelt, Schendel and Teece, 1991, 1994; Chakravarthy and Doz, 1992). So it seems that there is a potential for a theoretical contribution in attempting to develop conceptually the interface between strategy content and strategy process research.

Compounding this lack of conceptual development at the interface between these two streams of thought is the apparent lack of integration within each of them. The first of the two, *strategy process research*, has seen a number of integrative frameworks (e.g. Hart, 1991, 1992; Hart and Branbury, 1994). However, these do not seem to be very influential, and the field appears to be characterized by a certain amount of terminological as well as conceptual confusion. In particular, it is not at all clear what is meant by the term 'process'. Van den Ven made a valuable contribution to strategy process research by defining 'process' in terms of a number of steps, but it is still not clear *how many* steps might be involved (van den Ven, 1992: 172; Mintzberg and Lampel, 1999; Fahey and Christensen, 1986). In addition, many authors seem to agree that, since van den Ven's (1992) major contribution, strategy process research has languished through want of attention and does not seem to have progressed much further (e.g. Hamel, 1998; Eisenhardt, 1999). So there is much to be done to integrate the diverse perspectives within strategy process research, and it seems that work to extend van den Ven's definition of the term 'process' would be particularly valuable.

The situation becomes even more problematic in the case of the second

stream of thought, *strategy content research*. In contrast to strategy process research, this field has flourished over the last two decades, and has contributed considerably to our understanding of industry structures (e.g. Porter, 1980) and resource structures (e.g. Prahalad and Hamel, 1990). However, cross-fertilization between groups of scholars focusing on either industry or resource structures seems virtually absent to date (e.g. Roos and Victor, 1999; Lissack and Roos, 1999, 2001; Eisenhardt and Galunic, 2001; Priem and Butler, 2001a). In addition to this, the most recent stream of research in strategy content (typically called the ‘dynamic capability approach’) criticizes both the Porterian industrial economics approach as well as the resource-based approach for neglecting the tendency of industry and resource positions to erode over time (Eisenhardt and Martin, 2000; Zott, 2001; Hamel, 2000; Teece, Pisano and Shuen, 1997). It seems, therefore, that it would be useful to conduct integrative work within the three major perspectives in strategy content, particularly with regard to the industrial economics approach, the resource-based approach, and the relatively new dynamic capability approach.

In addition to insufficient integration between and within the strategy process and content realms, many authors have recently criticized strategy-making research in general for its lack of empirical grounding (e.g. Eisenhardt and Martin, 2000; Eisenhardt and Galunic, 2001; Williamson, 1999; Priem and Butler, 2001a). Scholars have explained this inadequacy by referring to the difficulty researchers typically encounter when trying to obtain access to organizations. Studying strategy-making procedures requires significant researcher commitment and extensive organizational access, and few researchers appear to have achieved this to date (van den Ven, 1992: 181, Mintzberg, 1979: 583), probably because it demands that they place themselves in the manager’s temporal and contextual frames of reference, which implies costly longitudinal and real-time research (Mintzberg, 1979; van den Ven, 1992; Eisenhardt, 1989; Helfat, 2000). Nevertheless, conducting in-depth empirical and longitudinal on-site research into strategy making seems to be the only way to add valuable insights to the field.

In summary, it appears that the role of imagination in strategy making remains inadequately understood for four main reasons:

- First, the conceptual development in strategy making appears to suffer from a lack of integration at the interface between the strategy process and strategy content research realms.
- Second, the strategy process realm seems to struggle with the question of how many steps the strategy-making process involves.
- Third, the strategy content realm appears to be characterized by a lack of integration of its main constituents, the Porterian industrial economics

approach, the resource-based approach, and the relatively new dynamic capability approach.

- Fourth, strategy-making research as a whole seems to suffer from a lack of empirical, on-site research.

These inadequacies clearly evidence an acute need for a framework for crafting strategy imaginatively in order to enhance the conceptual apparatus of strategy making in a theoretically integrated and empirically grounded way.

In recognition of the theoretical and practical background to the problem, I propose in this book a framework for crafting strategy imaginatively in times of a crisis: the strategy-making matrix. This framework is an attempt to fill the identified gaps in the current theoretical debate on and business practice of strategy making. In developing the strategy-making matrix, this study assumes an empirical and longitudinal focus and approaches the research topic deductively, and with a descriptive and behavioral-based lens (in the spirit of Barney, 1991; as well as Peteraf, 1993), rather than approaching strategy making from a prescriptive, economic and formal modeling angle (e.g. Simon, 1993).²

RESEARCH OBJECTIVE

Should the topic of strategy making in a crisis be approached from a strategy content or a strategy process perspective? Which angle is more appropriate – the Porterian industrial economics approach, or the resource-based approach? Over several decades of strategy research and practice each of these two concepts has been emphasized at one time or another. In this study, I would like to propose that an ‘either/or’ approach is not appropriate. Instead, this study takes the stance that an integrated ‘as well as’ approach is needed if we are to understand the important task of crafting strategy imaginatively. Indeed, this study proposes that a third aspect, which will be called ‘challenging imagination’, needs to form part of a complete integrated framework, in order to accommodate the tendency of resources – as well as competitive positions – to erode over time.

The objective of the study is to contribute to an enhanced understanding of strategy making in general and in a crisis in particular by (a) constructing and (b) empirically validating an integrated framework for crafting strategy imaginatively.

I would like to begin by attempting to build a framework called the ‘strategy-making matrix’ by integrating three major perspectives of strategy content research, namely:

- the industrial organization approach (which will be likened to a process called ‘descriptive imagination’),
- the resource-based approach (which will be likened to a process called ‘creative imagination’), and
- the dynamic capability approach (which will be likened to a process called ‘challenging imagination’)

in three steps (which will be called envisaging, conceiving, and realizing) that are derived from strategy process research. After this integration it will then be possible to deduce meaningful implications from the theoretical framework for the specific empirical work.

The empirical phase of the study attempts to test the propositions comprising the integrated framework using case-study evidence from ElectroCorp. Thus, based on the theoretical framework, the empirical study endeavors to shed light on the particulars of ElectroCorp’s approach to crafting strategy by attempting to answer the following research questions:

- What is the relative importance of the three imaginations in crafting strategy imaginatively?
- What is the role and importance of sequencing the steps in crafting strategy imaginatively?

DEFINITIONS OF KEY CONCEPTS

Perhaps at the outset it would be useful to provide the assumptions that underlie the key concepts on which the above theoretical framework is based.

Framework

My understanding of a strategy-making framework as a theory-building and practice-oriented tool is derived directly from Porter’s conception of theory development as a choice of either limited models or comprehensive frameworks (Eppler, 2000: 8). Porter (1991) views frameworks as a legitimate form of research that can be validated through case studies. According to him,

Frameworks identify the relevant variables and the questions which the user must answer in order to develop conclusions tailored to a particular industry or company ... [However,] *all the interactions among the many variables in the frameworks cannot be drawn*. Frameworks seek to help the analyst to better think through the problem by understanding the firm and its environment and defining and selecting among strategic alternatives available ... (Porter, 1991: 98; emphasis added)

Porter's conceptualization of what a framework in strategy entails is applicable to the present study. His conceptualization of a framework becomes even clearer when contrasted with his conceptualization of a 'model'. Porter emphasizes:

Each model abstracts the complexity of competition to isolate a few key variables whose interactions are examined in depth. The normative significance of each model depends on the fit between its assumptions and reality. No one model embodies or even approaches embodying all the variables of interest and hence the applicability of any model's findings are almost inevitably limited to a small subgroup of firms or industries, whose characteristics fit the model's assumptions ... (Porter, 1991: 97–8)

Porter's understanding of a framework is strictly adhered to in this study. I posit that what is appropriate strategy-making behavior depends on the situation and cannot be determined in a dogmatic or peremptory fashion. Thus, with the successive arising of new situations and new realities, re-examinations of aims and measures are necessary to ensure the maintenance of an effective alignment of efforts with actualities. The understanding of 'frameworks' in this context is therefore in contrast to the focus of 'models' on a limited set of variables that are connected by causal relationships.

Overall, for the purpose of this study, Porter's (1991) conceptualization of frameworks in strategy can best be summarized by proposing that frameworks: are descriptive, rather than normative; are a legitimate form of research, subject to empirical validation; are action-oriented, i.e. they seek to provide guidance for the practicing manager; and focus both on what could be done in strategy and how this might be accomplished.

Strategy Making

Since the theoretical framework of this study focuses on strategy making, the key concept of strategy making itself deserves closer inspection.

Strategic management as a field of scholarly investigation is characterized by two key distinctions. The first is between strategy formulation (or strategy making) and strategy implementation (or strategic/organizational change). The second distinction in the literature is between strategy process (how strategies are formed and implemented) and strategy content (what the relationship is between strategic choice and performance).

Crafting strategy imaginatively, as it is seen in this study, concerns the formal processes that lead to the formulation of a strategy that is to be implemented at corporate and/or business unit level. Crafting strategy is furthermore seen as a process that involves both top and middle management. Finally, and most importantly for the purposes of this study, strategy making is seen to involve both strategy process and strategy content perspectives.

First, crafting strategy imaginatively concerns the formal processes that lead to the formulation of a strategy that is then to be implemented, without considering the strategic change processes associated with such implementation. This conjecture assumes that it is actually possible to divide strategy formulation (or strategy making) and strategy implementation (or strategic/organizational change). Indeed, the division of these two concepts seems well established in the literature and can be traced back to three works in thinking about strategy: Alfred Chandler's *Strategy and Structure* (1962), Igor Ansoff's *Corporate Strategy* (1965), and Andrews et al.'s *Business Policy: Text and Cases* (1965). In the words of Andrews: 'Strategy has two equally important aspects, interrelated in life but separated to the extent practicable in our study of the concept. The first of these is formulation, the second implementation' (Andrews, 1965, cited in Rumelt, Schendel and Teece, 1994: 20). It should, however, be acknowledged that the distinction between formulation and implementation has not gone unchallenged. As Andrews suggests above, it is not clear whether it is made for rhetorical, analytic or expository reasons. As a consequence, its sometimes vague rationale has led a number of scholars to question the division between formulation and implementation in strategy making. At the heart of this argument was the idea that while it may be analytically convenient to separate the two concepts, their distinction is often difficult to reconcile with the reality of strategy-making processes (see for example Hilb, 2001: 46; Rumelt, Schendel and Teece, 1994: 20; Schendel, 1992: 2). Nevertheless, despite or because of this criticism, the distinction between formulation and implementation seems to have flourished since its inception in the 1960s and I have adopted it for the purposes of this study. I acknowledge that, practically speaking, the making of a strategy and its implementation are interdependent processes. However, in line with the established consensus in the literature (Andrews et al., 1965: 17), crafting strategy, or the process by which a strategy is determined, is for analytical convenience seen as independent from the process of actually implementing this strategy.

Second, an important question causing considerable confusion in the literature is from where and from whom strategies emerge in a company, i.e. where do strategy-making processes evolve? More recent conceptualizations are inconsistent with the traditional view that strategy making is the exclusive province of top management (Ansoff, 1965; Andrews et al., 1965, Schendel and Hofer, 1979). Mintzberg, for instance, challenged the traditional locus of strategy making and suggested that it should be seen as a combination of deliberate and emergent decisions involving strategy makers from various levels of the organization (Mintzberg, 1978, 1994; Mintzberg and Waters, 1985; Mintzberg and McHugh, 1985). Most recently, Burgelman describes strategy making as a product of autonomous behavior located outside top management

(Burgelman, 2002). Similarly, Wooldridge and Floyd have advocated strategy making 'from the middle' (Wooldridge and Floyd, 2001), and Hilb has suggested a 'Matrioshka' approach to strategy making, which systematically involves all organizational members (Hilb, 1995). Along the same lines Fredrickson observed: 'Participation in the strategy-making process is not limited to a few individuals who are located at the very top of an organization' (Fredrickson, 1984, cited in Wooldridge and Floyd, 1990: 231).

Fredrickson (1984; Fredrickson and Mitchell, 1984), and later Wooldridge and Floyd (1990, 2001; Floyd and Wooldridge, 1996) have provided empirical evidence of the effects of the involvement of strategy makers who are not on corporate boards, but are middle managers. Most of these studies suggest that strategy making is located on two organizational levels, namely top management and middle management, and does not generally involve the entire organization. The strategy-making team, usually comprising two broad groups, namely middle and top managers (the CEO in particular), is generally seen as the focal point of this activity (Andrews, 1971). It should be appreciated that the conjecture that strategy making, while involving middle management, need not necessarily involve the entire organization, stands in contrast to strategy implementation or strategic change which, in fact, does seem to require that the entire organization be involved (e.g. Orgland, 1995; Schendel, 1992).

While the specific tasks in the strategy-making process seem to differ for the two broad groups of strategy makers (e.g. Thakur, 1998), research suggests that the key strategy makers in corporations are top management and middle management (Fredrickson, 1984; Fredrickson and Mitchell, 1984; Wooldridge and Floyd, 1990, 2001; Floyd and Wooldridge, 1996). Although strategy, at least in part, may emerge autonomously from the grass roots of an organization, it is the CEO and the strategy-making team's stamp of approval that is seen as the referent for the organization's strategy (in line with Szulanski and Doz, 1995: 19). This study therefore views strategy making as a process that involves individuals from both top and middle management. In recognition of this stance, managers from both levels were interviewed as part of the empirical study.

A third and, for the purposes of this study, most important aspect related to strategy making is the distinction between strategy process and strategy content research. This distinction seems to be as old as the concept of strategic management itself (Rumelt, Schendel and Teece, 1994), and its continued importance and relevance is suggested by the fact that no less than four special issues of the *Strategic Management Journal* were recently dedicated to strategy process and strategy content research. Similar to the division between strategy formulation and implementation, the distinction between process and content research is a contentious issue, which has not gone unchallenged. It

has been called an impediment to progress in the field of strategic management (e.g. by Schendel, 1992: 2), and the coincidence of process and content has been advocated. At the heart of this argument lies the distinction's artificial nature, and the notion that process should be studied alongside, or coincidentally with, content (e.g. Eisenhardt and Zbaracki, 1992). By contrast, the distinction between the two was championed particularly because it facilitates teaching the field of strategy (see Schendel, 1992).

The objective here is not to reconcile this debate for strategic management in general but to observe that, in the case of strategy making in particular, assuming the coincidence of strategy process and strategy content is advantageous. It would appear that in crafting strategy imaginatively it is decidedly difficult to focus exclusively on *what* strategic positions of the firm lead to optimal performance under varying environmental circumstances (the domain of content research), without simultaneously considering *how* (the domain of process research) a firm's administrative systems and decision processes influence its strategic positions (see Chakravarthy and Doz, 1992: 5, for a related argument). In this study, I have therefore opted to view strategy making as an effort involving both strategy process research ('how') and strategy content research ('what').

Strategy Process Research (How?)

Process research in strategic management is concerned with *how* effective strategies are shaped within the firm and then efficiently implemented (Pettigrew, 1992: 6; Schendel, 1992: 2; van den Ven, 1992: 169). Rich in perspectives, empirically complex, and paradigmatically diverse, the field of strategy process research appears very fragmented – which several scholars regret (e.g. Pettigrew, 1992: 5; Chakravarty and Doz, 1992: 5–7). According to the literature, the reason for this fragmentation could be strategy process's drawing on a variety of disciplines, including organizational sociology, decision sciences, psychology, political science and ethics (Chakravarty and Doz, 1992:7; Rumelt, Schendel and Teece, 1994: 24–40). Perhaps due to its broad discipline base, wide-ranging efforts have been undertaken to categorize this 'crazy quilt of perspectives' (Eisenhardt and Zbaracki, 1992: 17). This has resulted in numerous, sometimes conflicting, categorization schemes, since authors delineated a multitude of 'modes' of strategy making, a stream of thought to which Henry Mintzberg is a prominent and prolific contributor (Mintzberg, 1978, 1994; and Waters, 1985; and McHugh, 1985; and Lampel, 1999).

Dissatisfaction with the individual categories of strategy making has led other observers to rearrange these categories using quite different bases for differentiating the multiple schools of strategy process research (see especially

Hart, 1991, 1992, for integrative frameworks). This has added yet another layer of complexity: categorizations are now rearranged in meta-categorizations, few of which have enjoyed empirical validation. In these exercises whether such meta-categorizations are 'simple' (e.g. Lumpkin and Dess, 1995), rather than 'comprehensive' (e.g. Fredrickson, 1984) seems to have been a key question. In an apparent response to this question, Mintzberg endeavored to expand his 'modes of strategy making' from the original 'three modes' (Mintzberg, 1973a, 1979), to 'ten schools' of strategy making (Mintzberg and Lampel, 1999).

At the heart of this conceptual confusion seems to reside the question of what is meant by the term 'process'. Indeed, a careful review of the numerous process frameworks that have been proposed in the literature shows that the term 'process' has been used in many different ways. Three meanings of process seem to be particularly prominent: first, process as a logic that explains a causal relationship between independent and dependent variables, second, as a category of concepts or variables that refers to actions of individuals or organizations, and third, as a sequence of events that describes how things change over time (van den Ven, 1992: 169–75).

The quest to clarify the term 'process' has consequently led to the interpretation of it as a sequence of events, or, put differently, as distinct steps in a given course that develops over time (see especially van den Ven's seminal 1992 article). According to van den Ven, these steps can be interpreted as constituting a linear, circular, divergent or convergent process. The bottom line is that strategy process research can best be understood in terms of a sequence of events that evolves over time, and comprises several steps (van den Ven, 1992). This interpretation of 'process' is adopted for the present study, which proposes that strategy process research is primarily involved with delineating generic steps in a sequential course of action, such as: envisaging, conceiving and realizing imaginative strategies.

Strategy Content Research (What?)

The fourth key concept underlying the theoretical framework is strategy content. Content research in strategic management is concerned with *what* is decided in a corporate setting (Rumelt, Schendel and Teece, 1994: 18–20; Fahey and Christensen, 1986: 167; Schendel, 1991: 1). Whereas strategy process primarily dominated research agendas from the 1960s to the 1980s, in the past two decades strategy content research has contributed significantly to the development of the strategic management field (Eisenhardt and Zbaracki, 1992; Huff and Reger, 1987). Strategy content research does not seem as paradigmatically diverse and fragmented as strategy process research. Essentially, it appears to have provided three distinct explanations in regard to strategy

making: first, the Porterian industry structure view (also called ‘descriptive imagination’, Roos and Victor, 1999); second, the resource-based view (also called ‘creative imagination’, *ibid.*); and third, dynamic interpretations of resource positions (also called ‘challenging imagination’, *ibid.*). This third perspective is relatively new and has been developing as an outgrowth of the resource-based view in that it represents the latter’s extension into dynamic markets (e.g. Teece, Pisano and Shuen, 1997).

Strategy content theories based on the industrial organization view (Mason, 1939; Bain, 1956) explain how companies use reductions in competition in order to strengthen their positions (Schendel, 1988; Montgomery, 1988). Porter (1980) translated the concepts of industrial organization economics into the strategy field, and developed a general cross-sectional framework for explaining individual firm performance. Due to the prominence of Porter’s work in this stream of research, it was often called the ‘Porterian view’. Porter’s work can be seen as turning classical industrial organization economics on its head: traditionally the role of industrial organization economics had been to identify socially wasteful sources of ‘monopoly’ profits, but Porter used the framework to develop strategies to appropriate abnormal returns which would lead to a competitive advantage for firms (Rumelt, Schendel and Teece, 1994: 22–3). Building on and extending agency theory, evolutionary economics and, more recently, game theory, industrial organization perspectives have recently been referred to as ‘descriptive imagination’³ in that they primarily focus on elucidating and apprehending the environment of the firm (Rumelt, Schendel and Teece, 1991, 1994; Nalebuff and Brandenburger, 1996). The perceived need to ‘see’ and describe five industry forces is a manifestation of the descriptive nature of this stream of thought (Roos and Victor, 1999: 349) which focuses on the industry ‘out there’ as a source of variation, rather than on the firm itself. Indeed, firm and resource homogeneity are assumed. This is in sharp contrast to the heterogeneity of firms and their resource endowments associated with the second explanation for strategy making provided by content research, namely the resource-based view.

The resource-based view, similarly to the industrial organization view, has been highly influenced by economic theory. The sub-field of transaction cost economics, developed primarily by Williamson (1975, 1985) building on Coase’s seminal work (1937) is principally used as the conceptual backdrop to this approach to strategy. The focus here is on costs of transactions and suitable structures for conducting such transactions, i.e. markets or hierarchies, the reasoning being that uncertainty, idiosyncratic firm resources and opportunistic behavior lead to inefficient or unfair market prices and that firms result as a consequence of this market failure (e.g. Rumelt, Schendel and Teece, 1991, 1994; Schendel, 1988, 1991). The

resource-based perspective of the firm furthermore builds strongly on Penrose's (1959) notion that firm-specific resources and capabilities, rather than industry positions, determine the direction and growth of the firm. In emphasizing firm-specific resources, this perspective is interested in delineating tools and mechanisms that can be utilized to take advantage of the most critical of firm resources (Rumelt, 1984, 1987, 1991; Wernerfelt, 1984, 1995; Barney, 1991; Prahalad and Hamel, 1990; Nelson and Winter, 1982). Knowledge resources in particular seem to be critically associated with firm success (e.g. Spender, 1996a, b; Grant, 1996, 1997; Nonaka, 1994; Nonaka and Takeuchi, 1995; Kogut and Zander, 1996). Resource-based perspectives have recently been described as 'creative imagination' in that they focus on how resource and capability endowments are created and sustained over time (Roos and Victor, 1999).

The third perspective, often called 'dynamic capabilities', can be seen as an outgrowth of the resource-based view (Teece, Pisano and Shuen, 1997: 515). To illustrate: a problem faced by the resource-based view is path dependency, which suggests that a firm's previous investments in managing and creating resources constrain its behavior and the strategic options available for investing in, and managing, new resources (e.g. Dierckx and Cool, 1989; Leonard-Barton, 1992, 1995). This observation has apparently led to 'dynamic' interpretations of the resource-based view (see Teece, Pisano and Shuen, 1997, for their pioneering contribution). Various referred to as 'strategy innovation' (e.g. Hamel, 2000), 'value innovation' (e.g. Kim and Mauborgne, 1999a), or 'dynamic capabilities' (e.g. Teece, Pisano and Shuen, 1997; Eisenhardt and Martin, 2000; Zott, 2000), these interpretations appear in their own right to have established themselves as a third sub-field in the most recent strategy content debate. In this emerging stream of thought writers such as Gary Hamel, Johan Roos, and Kathleen Eisenhardt, typically drawing on complexity theory (e.g. Allison and Kelly, 1999; Bar-Yam, 1997; Kauffman, 1993, 1995), challenge the established logic of doing business, and advocate questioning and re-drawing the boundaries of industries and businesses. It has therefore also been labeled the 'challenging imagination' approach to strategy content (Roos and Victor, 1999: 350).

Thus, from the above analysis, three main approaches to strategy content can be deduced from the extant literature. Likewise, this study sees strategy content research as primarily concerned with three sub-fields:

- industrial organization perspectives,
- resource-based perspectives, and
- dynamic capability perspectives.

WHAT NEXT?

In the following chapter, I hope to develop and formalize the theoretical argument. To this end I will be outlining a framework integrating prior work emanating from the strategy process and strategy content research realms. This framework, the strategy-making matrix, has been systematically deduced from an internally consistent theoretical perspective, based on these two main streams of thought. Strategy process research provides the three generic steps for the strategy-making process, which I will be calling: envisaging, conceiving and realizing. Strategy content research provides three basic thrusts of strategy making, which I will be calling: descriptive, creative and challenging imagination. Juxtaposing the three generic steps in the strategy-making process with the three basic thrusts of strategy making in a matrix format yields this study's theoretical framework, a three-by-three matrix. Earlier frameworks associated with each of the three basic thrusts of strategy making are critically discussed. Based on this discussion, a comprehensive three-step framework for envisaging, conceiving and realizing imaginative strategies can be developed that builds on the strengths of earlier frameworks, while attempting to eliminate their weaknesses.

Next, I shall be turning to the empirical part of the study. In it I shall be revisiting the theoretical framework with the objective of empirically examining the logic and soundness of its constituent propositions, and of refining them in the light of empirical evidence. For ease of exposition and for readers' convenience, the empirical part is a 'mirror image' of the strategy-making matrix. The three generic steps of strategy making (envisaging, conceiving and realizing) and the three basic thrusts of strategy making (descriptive, creative and challenging imagination), are systematically subjected to empirical appraisal. The research methodology adopted for this exercise is the single-embedded case study.

In the concluding chapter, I will be outlining the main theoretical and practical insights that have been gained throughout the entire analysis in a condensed format. For this purpose, the principal conclusions that have been gained in terms of the research objective are given first. Subsequently, the study's overall contributions are discussed, and a recognition of its limitations is provided. Finally, Chapter 4 provides implications for the development of the literatures on which the theoretical framework is based, and discusses the implications for imagining a future beyond a pending or current crisis.

NOTES

1. This study uses 'strategy making' and 'crafting strategy' interchangeably.

2. The framework presented here should be seen as descriptive in that it spells out the characteristics of the process of crafting strategy imaginatively. A review of the literature shows that descriptive conceptualizations of strategy making have often been used as a basis for normative prescriptions. The framework developed in this study does not attempt to be a normative model of strategy making for all organizations.
3. This notion of descriptive imagination should not be confused with the normative/descriptive distinction made in the objective of this study.