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## Strategizing in the multi-business firm: Strategy teams at multiple levels and over time

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### ABSTRACT

Strategy teams have received little attention in the strategic management literature. The goal of this article is to fill this theoretical and empirical gap by studying the practices of strategy teams. Drawing upon an in-depth longitudinal case study of a FTSE-100 multi-business firm and evidence from 36 interviews, this study points to the importance of both actions and interactions of corporate centre and business unit strategy teams during the strategy process. Our study also shows that acting and knowing of these teams is dynamic, collective and distributed within the multi-business firm across two interrelated levels: within the team and across teams, each involving both recursive and adaptive activities. Our article is divided into three parts. The first outlines the theoretical and methodological issues for studying the practice of strategy teams in multi-business firms. In the second, our empirical findings are reported. Finally, the third part presents our contributions and some implications for future research.

### KEYWORDS

multi-business firm ■ strategizing ■ strategy as practice ■ strategy process ■ strategy teams

In the established strategy literature, managers functioning at upper hierarchical levels (e.g. top executives, board of directors, top management teams) have been identified as central to the notion of the strategy process (Finkelstein & Hambrick, 1996; Van de Ven, 1992). Accordingly, the way strategy

is made and executed is often associated with actions of senior executives at director level (Hambrick, 1989; Pettigrew, 1992). In contrast, we know little about how teams of strategists across organizational levels, besides the upper echelons, act and interact during the strategy process in complex organizational settings, like the multi-business firm. Attention to these actors has recently been revived through studies in the emerging area of strategy as practice (Jarzabkowski, 2005; Johnson et al., 2003; Whittington, 2003, 2006).

Our goal in this article is to examine how central and peripheral teams of strategists in the multi-business firm, through their daily practice, adopt recursive and adaptive behaviours during the strategy process. Accordingly, our study focuses on the actions and, more importantly, on the interactions, of strategy teams across two primary levels within the multi-business firm: the corporate centre and the business units. Importantly, instead of focusing on the demographical characteristics of these teams, we are interested in their activities over time. Overall, this study contributes to our understanding of what strategy teams *do* (Whittington, 2006) during the strategy process.

In what follows we report on our findings from the in-depth study of strategy teams within a FTSE-100 multi-business firm, UtilCo (pseudonym) over the period 2000–03. Data were collected by means of 36 interviews together with secondary data in the form of strategy related documentary evidence. We followed a longitudinal and comparative case based approach (Pettigrew, 1992; Yin, 1994) studying the strategy process from the perspective of the UtilCo corporate centre strategy team, and two business-unit strategy teams in: TelUnit, a telecommunications unit; and GasUnit, a core business related to gas supply. We present our findings in the form of two first-order stories about the development of UtilCo's new strategic planning process during 2000–03. For each of these stories we then establish second-order explanations of our findings that help us explain in more detail how and why recursive and adaptive activities by strategy teams occur during the strategy process. The article is divided into three parts. The first part outlines the theoretical and methodological issues for studying the practice of strategy teams in multi-business firms. In the second, our empirical findings are reported. Finally, the third part presents our conclusions and some implications for future research.

## Theoretical background

### Actions and interactions in complex settings

Our starting point for studying the activities of strategy teams is the emerging strategy as practice perspective (Jarzabkowski, 2005; Johnson et al., 2003;

Whittington, 2003). This approach is relevant for our study since it views strategizing 'as a socially accomplished, situated activity arising from the actions and interactions of multiple level actors' (Jarzabkowski, 2005: 6). However, process studies have already provided us with valuable details about the sequence of 'individual and collective events, actions, and activities unfolding over time in context' (Pettigrew, 1997: 338). We are then faced with the challenge of distinguishing process from practice. What becomes apparent from these definitions is that the overarching goal of both the strategy process and practice areas is similar; that is to study the strategic events and activities in organizations. However, these two areas also have fine-grained distinctions because of their particular assumptions, approach, and focus when studying these events and activities (Jarzabkowski, 2005: 5). Practice researchers try to uncover the detailed actions that constitute a strategy process (Brown & Duguid, 2001; Jarzabkowski, 2005; Johnson et al., 2003). Hence, the strategy as practice approach favours managerial agency, situated action, and strategy stability together with strategic change (Jarzabkowski, 2005; Wilson & Jarzabkowski, 2004) rather than focusing on a set of change events from a firm level of analysis, as most process studies tend to do. Following this approach, the present study investigates the activities of strategy teams and contributes to our understanding of what these teams *do* during the strategy process.

Empirical studies in the strategy as practice area are increasingly providing us with accounts of the ways in which managers strategize (Maitlis & Lawrence, 2003; Oakes et al., 1998; Salvato, 2003; Samra-Fredericks, 2003). However, most are focusing on the activities of a single group of actors and are to a large extent silent about the way different groups utilize specific strategizing activities. Yet, in complex organizational settings, such as the multi-business firm, strategizing is rarely the responsibility of one group of managers representing a single organizational level.

Regnér (2003) has investigated managers representing multiple levels across firms. His study of managerial actions at the centre and the periphery of four multinational organizations suggests: 'a twofold character of strategy creation, including fundamental different strategy activities in the periphery and centre, reflecting their diverse location and social embeddedness' (p. 57). Due to the insights into the multinational firm and the examples of instances of everyday activities, Regnér's study is a starting point regarding the modes of strategizing at the centre and the periphery of complex organizations. However, it does not provide us with comprehensive insights into the activities utilized specifically by central and peripheral strategy teams during the strategy process. Further, Regnér's study focuses on the distinctiveness between central and peripheral managers and demonstrates 'the great divide between periphery and centre' (2003: 77). Accordingly, the way these two

levels interact during strategizing remains less clear. Regnér himself suggests – regarding the central and peripheral strategists – that ‘their interactions need to be examined more in-depth’ (2003: 80). Floyd and Lane (2000) analyse and compare in detail the different roles of top, middle and operational level managers in organizations. The resulting conceptual model focuses on strategic renewal and highlights the issue of role conflict in top-down and bottom-up exchanges. However, while both these pieces highlight the importance and evolutionary nature of interactions across levels, they provide us with few insights into the changing nature of these interactions over time.

In this article, we study the actions and interactions of strategy teams over time in a complex organizational setting: the multi-business firm. Multi-business or multi-unit organizations are defined as organizations that operate in multiple markets through several distinct units (Greve, 2003). These firms are characterized by a plethora of business units, organizational levels and hence by a multitude of localized communities engaging in the strategy process. In such settings, strategizing is constituted by the ongoing activities and interactions of diverse and distributed groups of individuals. Interactions amongst multiple communities from different organizational levels are necessary in developing, maintaining and renewing strategy. The complexity and multitude of such organizational settings inevitably influences the way we approach and study strategizing activities. It suggests the importance of examining these activities at multiple organizational levels representing different contexts (Pettigrew, 1987, 1997).

Studying the strategizing activities of strategy teams across multiple levels also raises the issue of distributed activity (Orlikowski, 2002; Tsoukas, 1996). Here, the activities of diverse communities across multiple organizational levels are perceived as central in strategizing. Already research in multinational organizations (Geppert et al., 2003; Morgan et al., 2003) has demonstrated how practices that have evolved in specific institutional contexts are distributed, resisted and adapted in other institutional contexts, especially at the subsidiary level. Following from these insights and gaps, the present study tries to contribute to the strategy literature by investigating the nature of interactions over time between strategy teams located across two levels in the multi-business firm: the corporate centre and the business units.

### The duality of recursiveness and adaptation

When studying the actions and interactions of strategy teams, the duality of recursiveness and adaptation demands close attention since it underpins much of the daily practice of managers (Jarzabkowski, 2004). The argument here is that strategists face a choice between recursive ways of acting that are

based on routines while at the same time developing adaptive and creative approaches to strategy development and implementation. *Recursiveness* refers to recurrent, habitual, or routinized activities. Theories of social order, such as structuration (Giddens, 1984), deal with the routinized nature of practice by presenting the interaction between agents and socially produced structures through the emergence of daily routines. As Clark (2000: 67) notes: 'Recursiveness means the socially accomplished reproduction of sequences of activity and action . . . there can be a durability about recursiveness that constrains attempts to transform the sequences.' Recursiveness in practice emerges because of the need of agents for ontological safety, the routinized nature of interaction between agent and structure, and the existence of self-reinforcing structures. *Adaptation* refers to exploratory, transformative and creative activities that initiate or change the socially accomplished ways of acting. The outcome of these activities can be in the form of varying levels of change from incremental adjustment to radical reorientation. Jarzabkowski (2004) has demonstrated that using the theory of social becoming (Pettigrew, 1990; Sztompka, 1991) adaptation can be explained by the constant change in practice, arising from the interaction between micro and macro contexts.

Scholars argue that firms require both continuity and change (Jarzabkowski, 2003; Pettigrew, 1985); both the ability to conduct business as usual and the ability to adapt. As Jarzabkowski (2004: 548) notes: 'the localized communities and contexts within a firm are extremely important in the recursive or adaptive adoption of a practice'. This raises the question as to how strategists and their teams engaging in strategizing in complex organizations manage this duality between recursive and adaptive activities.

Studies suggest that within complex organizations, like the multi-business firm, centrally located managers are more disposed to recursive behaviours, being focused on business as usual, while peripheral managers focus on adaptive behaviours. For instance, Burgelman (1983) argues that corporate level managers provide stability by setting the structural context in which strategy occurs but then are prone to recursive traps of behaviour. At the same time he suggests that adaptive behaviour, in the form of autonomous strategic initiatives, often emerges from operational level managers located at the periphery of the organization. Similarly, in the context of the multinational firm, Regnér (2003) identifies fundamentally different strategy activities in the centre and the periphery. He notes that 'strategy making in the periphery was inductive . . . strategy making in the centre was more deductive' (p. 57). However, Balogun (2003) has demonstrated that the role of middle managers can be even more complicated than just focusing on adaptive activities. They must maintain stability by enabling business as usual even during periods of change. Overall, despite the insights

we gain from these studies, our understanding of the specific activities that constitute recursive or adaptive strategizing in central and peripheral strategy teams remains fairly limited. We know even less about how interactions between these teams change over time.

Before explaining our method, it is necessary to clarify the concepts we examined. In the practice approach, three central concepts are identified: *praxis*, *practices*, and *practitioners* (Balogun et al., forthcoming; Jarzabkowski, 2005; Jarzabkowski et al., this issue; Whittington, 2006). Praxis refers to the actual work of strategizing, all the meeting, consulting, writing, presenting, communicating and so on that are required in order to make and execute strategy. In other words 'all the various activities involved in the deliberate formulation and implementation of strategy' (Whittington, 2006: 619). The concept of practices refers to 'the shared routines of behaviour, including traditions, norms and procedures for thinking, acting and using "things", this last in the broadest sense' (p. 619). Practitioners are the workers of strategizing, including managers, consultants and specialized internal change agents. Importantly, across these three concepts there are areas of overlaps. In this article, the practitioners we study are the managers involved in strategy teams across the multi-business firm. Our approach to what these strategy teams actually do is primarily informed by the concept of praxis. This also follows the approach that Orlikowski (2002) used in her study of the everyday activities of organizational members distributed across multiple units in a large software company during global product development. Accordingly, in this article we operationalize the praxis of strategy teams as the wide set of activities in which these teams engage when they are involved in the strategy process. Activities are defined as 'the day to day stuff of management. It is what managers do and what they manage' (Johnson et al., 2003: 15). Overall, our goal is to explain how what strategy teams *do* shapes and in turn gets shaped by the strategy process over time and across levels.

Following the discussion above, in this article we offer insights in the actions, and more importantly the interactions, of central and peripheral strategy teams in the multi-business firm. We also try to uncover how their activities constitute adaptive or recursive modes of strategizing over time. The next section presents the method we utilized.

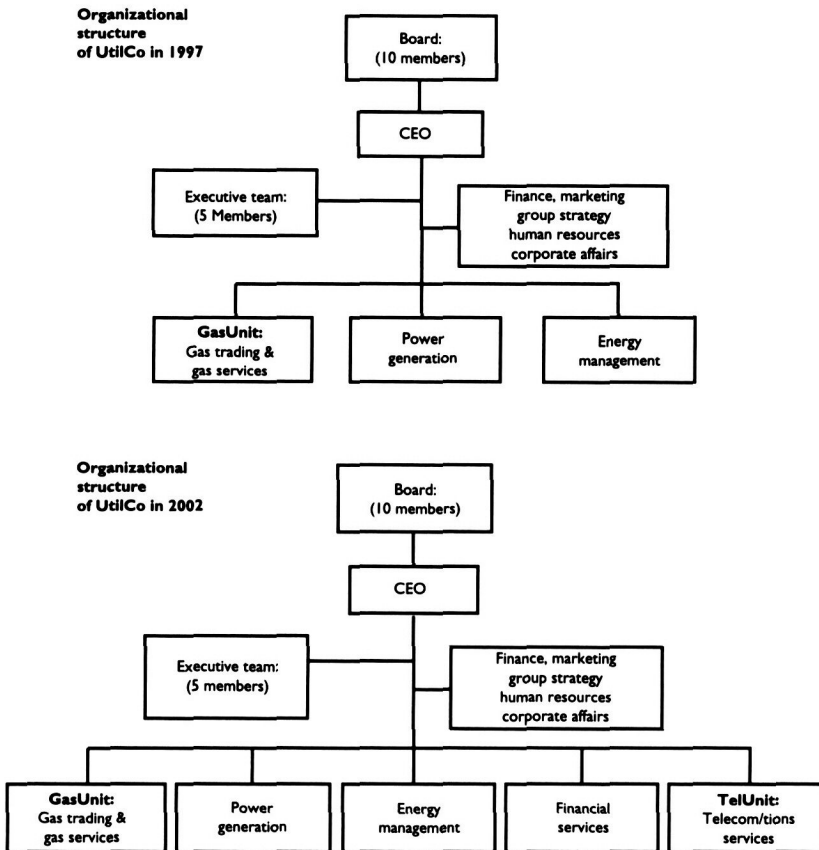
## Methods

### Case selection and data collection

Our research site is UtilCo, a FTSE-100, multi-business utility firm. UtilCo was formed in 1997 when its parent company was split into two separate

companies. After the initial period of surviving the split from the parent, UtilCo's top management decided that the firm should enter new markets and acquire new businesses to grow. By 2002, UtilCo had moved from its traditional utility past to a multi-product, multi-business organization as the company's organization charts in 1997 and 2002 demonstrate (see Figure 1).

This company was chosen for several reasons. First, it is a FTSE-100 firm with a large number of business units operating in a variety of markets. Second, in the UK utility sector the deregulation and liberalization processes (Rajagopalan, 1997) have broken the vertically integrated utilities of the 1980s into smaller organizations focusing on particular parts of the value chain. New generation technologies have also reduced the minimum thresholds of entry into the energy market and therefore increased competition.



**Figure 1** UtilCo in 1997 and 2002

This changing environment is particularly suited for our study as many executives in utilities have found themselves seeking new ways to conduct strategy. Within UtilCo, for example, a new annual strategic planning process was launched in 2001 (entitled: 'Project Finland') to achieve greater synergies across the various business units of the group and cope with an increasingly competitive energy market. Finally, our previous research (Paroutis & Pettigrew, 2005) meant that we had an established network of relationships in this company through which we could negotiate high quality access for our study.

We followed a longitudinal, processual and comparative case based approach (Pettigrew, 1992; Yin, 1994) studying the strategy process from the perspective of the UtilCo corporate centre strategy team, and two business-unit strategy teams within: TelUnit, a telecommunications unit that was acquired in 1999; and GasUnit, a core business related to gas supply. We examined the 2000–03 period because strategy teams existed in all three locations (UtilCo centre, GasUnit and TelUnit) from 2000 onwards (the TelUnit strategy team was established in 2000). The period 2000–01 was studied retrospectively, while 2002 and 2003 were examined in real time. Data were collected primarily through 36 interviews, 33 of which were digitally recorded and fully transcribed.

The informants were carefully chosen to include managers with strategy related roles (e.g. group strategy director, strategy manager) as well as non-strategy related roles (e.g. marketing director, finance manager, HR director). Overall, there were four levels of informants (see Table 1). The purpose of including managers who did not have typical strategy roles was to gain a holistic understanding of strategizing activities and to gauge the influence of strategy teams across the firm. Our interviews involved broad questions about the new strategic planning process established in 2001 and the nature of involvement of different strategy teams in this process. Consistent with our theoretical background, we also used more focused questions about the actions within and interactions across strategy teams. Accordingly, interviewees were asked: how the activities of particular strategy teams influenced the strategy process, how central and peripheral strategy teams interacted during the process, and how the activities of particular teams changed after the new planning process was introduced in 2001. Each interview lasted on average 80 minutes. Altogether 580 pages of data resulted from these interviews. Minutes were also taken during these meetings. Secondary data in the form of strategy reports and company presentations were also collected to complement the interviews.

At this point it is important to note that our understanding of strategy team activities is derived primarily from the interview data and from strategy



**Table 1** The four levels of informants

	Corporate centre	Business units	Total
<b>Strategy directors and strategy managers</b>	9 (25%)	TelUnit: 6 GasUnit: 3 Total: 9 (25%)	18 (50%)
<b>Non-strategy directors and non-strategy managers</b>	10 (28%)	TelUnit: 6 GasUnit: 2 Total: 8 (22%)	18 (50%)
<b>Total</b>	19 (53%)	TelUnit: 12 GasUnit: 5 Total: 17 (47%)	36 (100%)

related documentation. Due to the sensitivity of the topic of this study, no direct participation or observation of strategy meetings was made possible in UtilCo. An ethnographic approach might have provided more detailed accounts of the actual activities used by strategy teams. However, this article is based on the assumption that practitioners are able to express in retrospect their activities. This follows from Giddens (1984) and Giddens and Pierson (1998) who argue that people are knowledgeable and reflexive, and they tend to provide a better description of what they actually do than what researchers expect them to do. This approach is considered suitable for the present study and follows Orlikowski (2002) who also utilized principally interviews and documentary evidence (instead of direct observation) to analyse the everyday activities of organizational members distributed across multiple units in a large software company.

### Data analysis

The data were analysed in two phases. In the first phase, one detailed corporate level case and two embedded case studies of business units were prepared. In order to increase the internal validity of these cases, key respondents reviewed our case descriptions (Yin, 1994). This embedded design provided

a rich setting in which to conduct within-case and cross-case analysis (Miles & Huberman, 1994). These cases provided us with a better understanding of the organizational and contextual characteristics of the UtilCo corporate centre and its business units.

In the second phase, we analysed the data using inductive qualitative techniques (Eisenhardt, 1989; Glaser & Strauss, 1967; Strauss & Corbin, 1990) informed by our focus on practice and the strategy process while remaining alert to emerging ideas. The procedure we followed to analyse our data is similar to that used by Orlikowski (2002) for the study of the everyday practice of members in a software company. Our procedure was also informed by Balogun's (2003) study of the role of middle managers within the core division of a UK utility undertaking planned strategic change in the mid-1990s. Accordingly, our analysis consisted of multiple readings of the interview transcripts, and the archival data, and the identification of activities and issues related to the work of strategy teams during the strategy process. These data were then systematically and progressively coded using NVivo 2 by QSR International. During coding, careful attention was paid to how UtilCo respondents described and made sense of the activities they engaged in making and executing strategy. Early coding was very detailed and included a large number of concepts about the involvement and activities of various stakeholders during the strategic planning process. These included various types of initiating, planning, coordinating, communicating and collaborating activities. In order to best represent the data these initial concepts were then compared at a theoretical level and modified following a continual process of refinement (Denscombe, 1998). Various attempts were then made to group initial concepts into categories, each representing a more abstract higher order concept (Strauss & Corbin, 1990). Reference back to the process and practice literatures about the role of managers during the strategy process (Balogun, 2003; Burgelman, 1983; Floyd & Lane, 2000; Pettigrew, 1992; Regnér, 2003) helped us sharpen and refine our initial concepts.

As coding progressed, our analysis focused on investigating the extent to which particular activities associated with the work of strategy teams could be grouped in broader sets of categories. Hence, the resulting categories of practice are an aggregate of activities undertaken by strategy teams during the strategy process (see Table 2). We also investigated whether UtilCo participants perceived specific team activities either a) as repetitive, routinized and serving to stabilize the way the strategic planning process was perceived, communicated and implemented, or b) as adaptive, and leading to changes in the way the strategic planning process was perceived, communicated and implemented.

In order to ensure the reliability of this coding procedure, two coders (excluding the authors) independently coded a sample of the UtilCo interview transcripts. These coders were asked to code four UtilCo interviews (two with managers from the UtilCo corporate centre, one from TelUnit, and one from GasUnit). This reliability sub-sample represented 11.1 percent of the total interviews (four out of 36 interviews). The two coders were independently trained on the coding themes by the first author for approximately one hour prior to coding the reliability sub-sample. Cohen's kappa coefficient of consistency (Cohen, 1960) was chosen because it allows for two coders, it accounts for chance agreement between coders compared to percent agreement and is among the most commonly accepted rates in management research (Lombard et al., 2002). Regarding the particular codes about the practices of strategy teams, Cohen's kappa values were: *executing*: 0.87; *reflecting*: 0.80; *initiating*: 0.88; *coordinating*: 0.84; *supporting*: 0.85; *collaborating*: 0.88; *shaping context*: 0.77. These results are high enough to consider these particular codes reliable (Banerjee et al., 1999). Overall, we utilized data triangulation, inter-coder reliability checks and validation from participants to ensure the trustworthiness of our data (Lincoln & Guba, 1985).

In total, through this iterative analysis of the data seven categories about the practice of strategy teams were identified. Table 1 presents these categories with definitions. Importantly, the first three categories: *executing*, *reflecting* and *initiating* refer to activities conducted within the setting of a single strategy team. Here knowledge is generated amongst the inner members of the team and the interactions between them. Other strategy teams are not directly involved in these activities but, as the rest of the organizational members, can be influenced by them. Consequently, these three kinds of strategizing practice correspond to activities that reflect the particular expertise, creativity and capabilities of the strategy team members. The next three: *coordinating*, *supporting* and *collaborating* refer to activities involving more than one strategy team. Accordingly, the settings of these types of practice are mainly meetings, teleconferences, virtual teams, and away days. Here the emphasis is on the interactions between teams and the social construction of knowledge through exchange of information between team members. The final practice, *shaping context*, refers to activities undertaken by strategy teams that eventually change the structural and organizational context within which strategy is conducted. In what follows we discuss the theoretical and empirical foundations for these seven categories of practice.

*Executing* is conceptualized as the set of activities referring to instances when a strategy team undertakes day-to-day, routine activities. In this study, *executing* is operationalized to include the activities 'preparing strategy

**Table 2** Definitions of practices used by strategy teams during strategizing in the multi-business firm

<i>Practice</i>	<i>Definition</i>	<i>Activities comprising the practice</i>
<b>Executing</b>	The strategy team undertakes day-to-day, routine activities	<ul style="list-style-type: none"> <li>• Preparing strategy documents/reports/presentations</li> <li>• Developing the strategy knowledge base</li> </ul>
<b>Reflecting</b>	The strategy team reflects on and modifies past ways of conducting (or not conducting) strategy	<ul style="list-style-type: none"> <li>• Investing in personal development</li> <li>• Tweaking the strategy process and model</li> </ul>
<b>Initiating</b>	The strategy team initiates or shapes new ideas about changes in the content and process of strategy	<ul style="list-style-type: none"> <li>• Developing new strategic ideas</li> <li>• Starting new strategy initiatives/projects</li> </ul>
<b>Coordinating</b>	The strategy team leads and controls the activities of other teams or managers	<ul style="list-style-type: none"> <li>• Using common strategy model and method</li> <li>• Developing a common language around strategy</li> </ul>
<b>Supporting</b>	The strategy team provides strategy knowledge and resources to other managers or teams	<ul style="list-style-type: none"> <li>• Providing knowledge base and strategy toolkit support</li> <li>• Conducting complex strategic analysis</li> </ul>
<b>Collaborating</b>	The strategy team jointly develops strategic reports and ideas across organizational levels	<ul style="list-style-type: none"> <li>• Sharing strategy related resources and information</li> <li>• Working in cross-functional teams</li> </ul>
<b>Shaping context</b>	The strategy team changes the contextual conditions within which other teams strategize	<ul style="list-style-type: none"> <li>• Deciding on the standards of strategy related output</li> <li>• Building a network of relationships across the firm</li> </ul>

documents/reports/presentations' and 'developing the strategy knowledge base'. These activities are examples of what Whittington (1996: 732) calls the 'nitty-gritty, often tiresome and repetitive routines of strategy'. Strategy managers at UtilCo regarded these kinds of activities as a central part of what they actually do on a daily basis: 'we write the documents in the case of the strategy ones for the UtilCo executive [team]' (UtilCo, group strategy director). The preparation of these documents and reports by strategy teams was perceived by our interviewees to be directly linked with the use of appropriate strategy tools, frameworks and models (Rigby, 2001). Managers also commented that preparing presentations can be considered a primary routine activity for a strategy team: 'we obviously have formal presentation documents with all the back-up materials, like proper consultants for the dialogues with the UtilCo Executive . . . we do work a lot through trying to

present things well' (TelUnit, strategy manager). As noted earlier, a central characteristic of *executing* is that it refers to activities located primarily within the boundaries of the strategy team.

*Reflecting* refers to activities within the strategy team when members reconsider, learn from and modify past ways of conducting (or not conducting) strategy. The two activities associated with reflecting were 'investing in personal development' and 'tweaking the strategy process and model'. Over time, people improvise new activities as they invent, slip into, or learn new ways of interpreting and experiencing the world (Orlikowski, 2002). Schön (1983) demonstrates that situated practice often involves reflection and experimentation. According to West (1996, 2000) team reflexivity is the extent to which team members collectively reflect upon the team's objectives, strategies, and processes as well as their wider objectives, and adapt them accordingly. High reflexivity exists when team planning is characterized by greater detail, inclusiveness of potential problems, hierarchical ordering of plans, and long as well as short range planning (West, 2000). UtilCo members emphasized the importance of investing in the personal development of strategy team managers in order to establish the conditions for reflection within the team. For example, the central human relations department has developed in cooperation with the group strategy team a number of management development programmes to enhance the capabilities of its central and peripheral strategy managers. Another set of activities related to reflection by strategy teams refers to changes in the strategy process or model. Our interviews at UtilCo reveal that these changes were often the result of reflection by the strategy team director or the whole team during informal or formal meetings.

*Initiating* refers to activities by strategy teams that initiate or shape new ideas about changes in the established content and process of strategy. The category *initiating* is operationalized to encompass actions of the team members that result in the adoption of new ways of strategizing either globally across the firm or in particular locations within the firm. The timing of these activities often occurs in the early stages of the development of new strategy initiatives, when the strategy team provides the necessary expertise and backing for new strategy ideas to emerge. As Porter (1991) stresses strategic initiatives are new managerial actions that are specifically undertaken for the purpose of validating old or creating new strategies. Our informants at UtilCo emphasized the importance of developing strategic initiatives as a systematic way for establishing and sustaining social relationships across managers from different business units of the firm.

*Coordinating* occurs when activities by one team directly influence the behaviours of another team or teams towards using a specific set of strategy tools or language. Hence, the specific coordinating activities identified during

the interviews referred to 'using common strategy model and method' and 'developing a common language around strategy'. From the viewpoint of the strategy team at the corporate centre, the direction of these activities refers to interactions with the business unit strategy teams and central senior management teams. Another set of coordinating activities by the central strategy team refer to the firm's strategic model. More specifically, the central team developed a sophisticated description of the business model that UtilCo should be following by focusing not only on the areas where the firm should operate but also on those areas that they should try to avoid: 'That's not our model. Our model is, we're an energy company, energy services company – we can participate in other stuff, that's no problem, but it's the way we manage that business; that's the UtilCo model' (UtilCo, group strategy director). In a similar fashion, the strategy teams located at the businesses were found to utilize coordinating activities during their interactions primarily with local teams leading specific strategic initiatives or programmes as well as the local top management team.

*Supporting* occurs when one strategy team provides strategy knowledge and resources to other managers or teams. More specifically, one team provides specific strategic information to other teams, assists them in utilizing the firm's strategy toolkit, or conducts strategic analysis that cannot be prepared by other teams. The ongoing practice of *supporting* allows central strategy teams to distribute strategic information, resources and models across business unit strategy teams. In UtilCo, the central strategy team was often asked to provide expert support to peripheral strategy teams. The peripheral strategy teams also utilize similar activities to either support local teams working on business unit related programmes or the local senior strategy team during their decision-making process.

*Collaborating* concerns the development of strategic reports and ideas jointly with other teams across organizational levels. Two types of activities related to collaborating emerged from the data analysis: 'sharing strategy related resources and information' and 'working in cross-functional teams'. These activities allow strategy managers at the business unit level to cooperate with their colleagues at the corporate centre and exchange valuable information in preparing strategy related presentations and reports. Typically, such actions are associated with strategy events (Maitlis & Lawrence, 2003) when the strategy team interacts with middle level managers and teams. For example, UtilCo's central strategy team conducted a one-day seminar for business unit managers on ways to improve the execution of strategy projects: 'We've got an event with the next 150 managers, and we meet. We don't just tell them "this is the vision", it's more discursive, these are the issues and so forth' (UtilCo, group strategy director). Working in

teams has often been regarded as the basis for collaboration and collective decision-making. Pinto and Pinto (1990) studied the effect of cross-functional cooperation in hospital project teams on team members' ratings of performance. Cooperation positively predicted both task and psychosocial outcomes. Accordingly, those teams who cooperated more were found to rely more heavily on informal modes of communication than did low cooperation teams. Tjosvold (1998) showed that contact and open communication between teams usually lead to a weakening of perceptions of conflicting goals. In UtilCo, there were efforts to encourage close communication and cross-team relationships between central and peripheral strategy teams. Virtual teams (Kirkman et al., 2002), for example, were considered as making team boundaries more permeable. As a marketing manager at the UtilCo corporate centre noted: 'A lot of the work we do is around (.) virtual teams, project groups, cross brand groups, those sort of things.' Central strategy managers were also found to actively engage in cross-functional teams. Participating in these cross-functional teams allows strategy managers to engage with managers whose primary responsibility is not strategy and, hence, help them to understand the broad aspects of strategy and the specifics of how to utilize strategy frameworks and tools.

It is important to note that the category *supporting* is different from *collaborating* based on the level of interaction between strategy teams. Hence, supporting occurs when one team provides knowledge support to another one without being directly involved in debate (i.e. during joint meetings). This latter type of active (often face-to-face) interaction between teams corresponds to the collaborating practice. Overall, supporting refers to simple exchange of strategic resources and information whereas collaborating involves active exchange of ideas and debate during face-to-face interaction.

*Shaping context* refers to activities taken by a strategy team aimed towards shaping the contextual conditions within which other teams are operating. The two activities related to this practice were 'deciding on the standards of strategy related output' and 'building a network of relationships across the firm'. More specifically, the central strategy teams at UtilCo is responsible for either creating or changing the majority of the standards related to the strategic output from peripheral strategy teams (i.e. length and type of: reports, numerical outcomes and presentations). A GasUnit director also stressed the importance of establishing appropriate people processes at the corporate centre as an enabler for action at the periphery of the organization and more specifically within his business unit: 'what they've created in the [corporate] centre were people processes . . . to enable the businesses to have a framework in which to work.' The UtilCo central strategy team was also found to actively create both formal and informal networks with

peripheral strategy teams. Indicative of this is the establishment of an 'extended strategy team' by the central team as a way to build social connections across all strategy teams regardless of their location in the firm. These connections are then expected to facilitate the distribution of knowing (Orlikowski, 2002) both from the centre to the periphery and across the peripheries.

## Findings

After clarifying our method and the theoretical and conceptual foundations of the seven categories of practice of strategy teams we identified, in this section we follow a first-order and second-order analysis approach (Gioia & Chittipeddi, 1991; Van Maanen, 1979) to present our findings. We use the first-order story about the development of a new strategic planning process in UtilCo during 2000–03 to then establish a second-order explanation of our findings. We focus our attention on two time periods associated with the new planning process; the first about the launch of the strategic initiative (project Finland) related to this new process (2000–01), and the second referring to the efforts to improve this process and implement it across the business units (2002–03). For each of these periods, we offer a second-order analysis which explores in more detail how and why recursive and adaptive activities occur during the strategy process.

### Launching the new strategy planning process: Period I (2000–01)

After its split from its parent in 1997, UtilCo rapidly expanded into new products, services and markets. This also meant a challenging shift in the culture of the company, from the heavy heritage of the traditional utility of the past towards a marketing oriented organization with strong growth potentials for the future. Hence, the early strategic decisions were focused on improving the economic performance of businesses, acquiring new businesses and expanding in new markets segments. The goal of these opportunistic and defensive actions was to build a marketing-oriented organization with strong customer–management capabilities. Changes were made across the management teams at the corporate centre and the businesses to support the UtilCo business model. These new managers brought valuable new marketing and strategy related skills:

When I was appointed Chief Executive I took very few of the old [parent company's name] managers with me at the most senior level.



They simply didn't have the focus or the mindset needed for the new competitive world. Today my executive team is 100% new blood. And below the Executive, the senior management of the company is almost evenly split between old and new. This gives a good balance between experience and freshness of approach.

(UtilCo CEO, conference speech, October 2001)

Clearly this meant that a number of managers from the parent company had to adapt in order to gain a place in UtilCo's management:

Those who remain from the old [parent] company are those who've demonstrated that they can adapt. They've shown that they can embrace the new world we're in. And they don't keep talking about 'the old days' – I'm generally an even-tempered person but that's a sure way to get on my nerves!

(UtilCo CEO, conference speech, October 2001)

This new executive team, the CEO and the Board initiated and developed many of the early strategic decisions. They were also the primary actors in the company's strategic planning process. During the period 1997–2001, the strategy-making process had been based on an annual budgetary process while the principal strategic directions were decided centrally. This top-down approach, up to this point, had proved highly successful in terms of business and market performance. Within GasUnit and TelUnit, the strategy process was the responsibility of the local managing director and his/her team: 'strategy for the business units wasn't done previously . . . there was a managing director of GasUnit and there was a Managing Director of TelUnit, and they decided what they did. They didn't necessarily have the strategy to back it up' (GasUnit, head of commercial energy). The acquisition of new businesses, however, introduced some new challenges for UtilCo's strategy process:

[As UtilCo] got bigger, and whereas before we'd been able to run with comparatively thin processes because the directors knew the business very well, suddenly we were in different countries, we had different businesses, and the organization was crying out for more process . . . it needed a strategic planning process.

(UtilCo, group strategy director)

Having a plethora of businesses means different products, resources, markets, competitors and cycle times. As a result, these businesses have

different ways of spotting issues, setting priorities and developing strategic initiatives:

Different types of business do and should have different personalities. But UtilCo's chief strength lies in the extent to which its activities are pulled together at the centre . . . To maintain this strength we believe that we do need to have an overall UtilCo culture.

(UtilCo, CEO, conference speech, October 2001)

Furthermore, these business units are most likely to employ particular strategy-making processes reflecting different market dynamics and customized ways of implementing and evaluating strategic objectives. 'You clearly have different cultures in all of these businesses . . . and you also have different levels of ability within these environments' (UtilCo, head of group process management). This need for a consistent approach across the company's portfolio of complex businesses led the executive team in 2001 to change the group's strategy process towards a managing for value approach. Accordingly, project 'Finland' was born:

[Finland is] . . . where the Russian revolution started . . . because I thought we needed a revolution . . . that is basically the rethink of the organization, and that's where we came up with a) changing the structure . . . but also b) defining some of these key . . . skills we were going to need.

(UtilCo, group strategy director)

Project Finland was initiated and run by the newly established corporate centre strategy team. This team comprised of a number of newly hired managers, most of them having a consulting background: '[Finland] was a project that [group strategy director's name] ran . . . so we brought in quite a lot of former consultants, who were very bright people, into the organization, people from other blue-chip organizations' (UtilCo, group HR manager). During the launch period, our analysis indicates that the corporate centre strategy team created and initiated a number of new ideas and initiatives to support the new planning process: 'in terms of how the current process was developed . . . A new Group strategy director was appointed . . . who came from [name of consultancy firm], and he was the architect of the overall Group approach' (TelUnit, marketing director). This team, for instance, developed a document outlining the direction of the company and a list of strategic initiatives that were required to achieve this new strategic direction. In that way, the initiatives acted as the basis for

executing specific strategic objectives specified during the newly established planning process:

it's one-page, what [UtilCo] is about . . . Then a sort of slightly more wordy description of what we want to be, why we're changing . . . then behind that there is a long list . . . of different initiatives . . . So we have got a plan that says 'if this is where you want to be, which is what the Executive and the Board say, this is that needs to be in place and here are the particular initiatives that are going to deliver that'.

(UtilCo, group strategy director)

The corporate centre strategy team also started setting up strategy teams at a local, business unit level and started communicating the principal messages of the new strategic planning process: 'we went round all the businesses and talked to them about alternative strategies for their business and then we agreed as a group which of the strategies we wanted each of those businesses to follow' (UtilCo, group strategy director). The primary objective of these business unit strategy teams was to execute at the local level the strategic initiatives set up by the new strategic planning process. Training and coaching by the central team was provided to these business unit teams and new managers were hired in an effort to enhance the strategy related skills of these teams:

[the group strategy director] was very hands-on and very helpful in actually coaching many of my [strategy] team . . . he was investing a lot of time personally and effort in getting the team that we have in here to understand what we were trying to achieve, because they weren't all strategists.

(TelUnit, marketing director)

In terms of the way the centre and the peripheral strategy teams were interacting during this period, our analysis indicates that the primary activities related to coordination of peripheral teams by the central strategy team:

it's top-bottom-up . . . we don't have a big group at the centre trying to do all the strategic thinking. Strategy is coordinated at the centre but the actual planning and thinking and evaluation goes on in the business units . . . from the centre what you get are some strong messages to the organization about common customer data, common culture, economic profit targets.

(UtilCo, group strategy director)

### Second-order analysis: Period I (2000–01)

In our theoretical background we suggested that the activities of managers are situated and thus bound by context (Wilson & Jarzabkowski, 2004). Accordingly, within the multi-business firm, one would expect that business unit strategy teams differ in their repertoires of practices-in-use (Jarzabkowski, 2004) reflecting the different contextual characteristics across the business units. Our evidence from UtilCo corroborates this argument. The business units within UtilCo are characterized by different cycle times, markets and resources. For instance, the products and services TelUnit offers have a faster cycle time than those offered by GasUnit. Also GasUnit represents a large portion of the total employees and earnings of UtilCo's group and has been part of UtilCo since the group was created in 1997. In contrast, TelUnit was acquired in 1999 and its contribution to the group's total earning is significantly smaller compared to GasUnit. Overall, we consider TelUnit to be an unrelated business within UtilCo's portfolio of businesses, while GasUnit is regarded as related. This evaluation also corresponds with the perceptions of managers we interviewed. These particular contextual dynamics across these business units also result in customized ways of creating and utilizing strategy teams at the business unit level. For example, in UtilCo the GasUnit strategy team has two members, one reporting under the local marketing function and the other reporting under finance, while in TelUnit the strategy team has two members both of them reporting to the local marketing function. This variation in the lines of reporting within these strategy teams demonstrates the different historical and political dynamics that shape strategizing practice within each unit. In GasUnit the finance function has a longer tradition of participating in the strategy process than the corresponding function in TelUnit. Hence, a business unit that has a strong base of influence across the firm, as GasUnit has within UtilCo, can more often get approval to hire external advisors or set up more customized strategy processes than a less influential unit.

Our first-order findings also indicate that during 2000–01 the corporate centre strategy team worked closely with the top management team in creating the content of the firm's corporate strategy and *initiating* a new business model away from its former parent. The goal of these actions was to build a marketing-oriented organization with strong customer-management capabilities. Clearly, after the 1997–9 period when UtilCo expanded through acquisitions, in 2000 there were increasing expectations for more organic growth by taking advantage of group-wide processes and synergies across the existing platform of businesses. The result was the launch of a new strategy process in 2000. Accordingly, the focus of the central strategy team during

the 2000 strategy process was towards *supporting* and training other teams and managers around the newly established strategy process. The central team was also responsible for creating and disseminating the standards regarding the strategic output expected from UtilCo's business units. At the same time, further changes were made across the management teams within the businesses to support the emerging UtilCo business model and the new strategy process. As described earlier in this article, the business unit strategy teams were created and managers with a consulting background were hired bringing new marketing and strategy skills in the company. These peripheral teams started becoming actively involved in *coordinating* and *supporting* their local strategy processes.

Compared to the theoretical background we outlined earlier, these findings challenge suggestions that corporate level managers (especially top management) tend to provide stability by setting the structural context in which strategy occurs (Burgelman, 1983). In the case of UtilCo, it was indeed the central strategy team that provided the structural context where peripheral strategy teams were acting by creating and disseminating the new strategic planning process. However, this meant a radical departure from the previous strategy process. In other words, instead of stabilizing the strategy process, the corporate level team was actually adapting the process to the new environmental and organizational conditions of the group (complex portfolio of businesses). This finding is partially explained by the fact that the 2001 planning process was a totally new process and was supported by a large number of newly hired central managers who brought into UtilCo an adaptive approach to strategy-making.

#### Refining the strategy process and delivering at the business unit level: Period 2 (2002–03)

For both analysts and investors one of UtilCo's great attractions was its business model that focused on a strong asset base as well as energy production and retail capabilities. By 2002, this UtilCo model had delivered significant results both in terms of growth and share performance. Despite this success, energy market analysts were criticizing the diverse portfolio of businesses under the UtilCo group. Some of these analysts could see limited benefits in having the fast paced telecoms businesses services of TelUnit under the same group as the traditional gas and energy services of GasUnit. Also the growth potential of these businesses was under scrutiny: 'it's still difficult for them [investors] to see how we are going to create the value . . . so they're looking to see "is this extra margin really going to come through as a consequence of putting all these businesses together?"' (UtilCo, director of

corporate affairs). Clearly after the period of expansion and acquisitions there were expectations for more organic growth by developing group-wide processes and synergies across the platform of businesses.

Within this challenging context, the principal challenge of the strategy teams across UtilCo was to improve and refine the strategic planning process and start delivering solid economic outcomes at the level of each business unit. Accordingly, during this period, more cross-functional teams were created and involved in the strategic planning process. As noted earlier, participating in these cross-functional teams meant that the interactions between the central and peripheral strategy teams were more frequent. These cross-level and cross-departmental relationships initially emerged during formal sessions (i.e. workshops, presentations) and then were strengthened through daily informal interaction between the teams (i.e. through telephone conversations, exchange of emails):

[Name of group strategy director] is very good at going out talking to teams at various levels of the organization. We have several sort of set piece programmes, management development programmes where [name of group strategy director] or one of his team will go and talk about strategy and take it down to an understandable level. Because we try and keep it at the level that people understand.

(UtilCo, head of group marketing)

As a strategy manager from the UtilCo corporate centre described, during formal quarterly workshops business unit managers were able to engage with a broader community of strategists outside their unit:

we get together on a quarterly basis and have a half-day session where the various members of the team do presentations on issues that are particularly relevant at that point in time and also on specific things they've [business strategy teams] done . . . And then there's discussion on that. So it's a real 'forum' to this community to actually feel they have a whole broader [network] than their [business] unit, and to share learning.

(UtilCo, group strategy manager)

This finding demonstrates the change towards more collaboration across the strategy teams in order to satisfy the performance requirements of the newly established planning process: '[we have a] review process, a quarterly review process, [where] they [business units] essentially have to report against this execution plan, how are they doing, are they hitting milestones

... are they doing what they say they are going to do' (UtilCo, head of group process management). During these sessions, the role of the central strategy team was to challenge and improve the deliverables of the business unit teams:

we [strategy teams] won't do corporate strategy away days, we do ... the thing we call 'Strategy Work-Outs' in each of the business units. Where we [corporate centre strategy team] just go and spend half a day in a business unit and there's no formal presentation, we just say 'bring "everything" you have about your strategy and we'll challenge you' ... We just go there and ask all the tough questions we can think of.  
(UtilCo, group strategy manager)

However, this active collaboration between the central and peripheral strategy teams also meant that dealing with underperforming businesses was becoming increasingly important during the planning process:

we also have different relationships with the centre between these types of businesses, so businesses that are on the defensive because they are feeling as though they are underperforming are clearly going to have a different relationship with the centre than businesses who know they are performing and are very sure of their position.  
(UtilCo, head of group process management)

During the same period, managers from the corporate centre strategy team were seconded to work at business unit teams:

this is also a company that shifted the capabilities of the people both in the centre and in the brand units, and the strategy functions in the brand units. And so it's actually different people as well. For example ... the group strategy department has shrunk.  
(UtilCo, group strategy manager)

Regarding the business unit strategy teams, they played an increasingly active role in the strategic planning process. For instance, they were asked to run a number of training sessions about strategy within their units:

I myself did at least 35 of those [training] sessions ... But the interesting thing is that it's not an external provider, it's not even us, it's their line manager doing that. And in order to prove that they've internalized it, we ask them to lead the sessions as well.  
(UtilCo, group strategy manager)

Importantly, during this period, these peripheral teams were also communicating within their local business unit the requirements of the new strategy process:

to convince people to go through this sort of strategy process . . . people . . . who traditionally just ran the company because they were MDs and that's the way things worked round here; to then say, strategy is not an individual exercise, strategy is a group exercise . . . it's a persuasion issue, once you've set the framework [the question becomes] how you draw people into it and how to you get the output from that and how to get their buy-in . . . it's a big buy-in exercise.

(GasUnit, head of commercial energy)

This active engagement of business unit strategy teams led them to reflect on and work towards adjusting aspects of the planning process:

most of our [business unit] discussion to this day has been around the frameworks in a concrete sense: the process, the governance, the metrics, the management of that process; how you balance, inventiveness with ensuring its delivery, and adjustment ensuring you constantly have your eye on the ball.

(GasUnit, director of marketing and strategy)

### Second-order analysis: Period 2 (2002–03)

By 2003, two years after the launch of the new process, the analysis indicates that the interactions between UtilCo teams had moved towards an adaptive mode. More specifically there was more collaboration primarily between the centre and the units and to a lesser extent across the business units. In this period, execution was at the top of UtilCo's management agenda and one of the key priorities of the top management team. Business unit strategy teams were motivated towards becoming more active during the strategy process by influencing the day to day actions of line managers (for example, through coaching, workshops, training sessions). Regarding the activities at the local (within team) level, both the TelUnit and GasUnit strategy teams moved towards a less recursive mode compared to 2000–01. In contrast, the central strategy team was found to adopt more recursive tendencies and focus on executing. As a strategy manager at the UtilCo centre notes: 'And that's quite a difficult piece, because I think nobody disagrees with the strategy, they just worry about how we're going to execute it effectively.'

These findings support Balogun's (2003) argument that middle managers, even during change, must achieve stability by facilitating business



as usual during the change. Strategy teams do not operate in a strictly middle managerial level but in a level between the top and middle managers. Still, in UtilCo we found the corporate centre strategy team utilized recursive activities (*executing*) in 2002–03, compared with the *initiating* activities they used in 2000–01. Similarly to Balogun's middle managers (2003) and Regnér's managers located in the periphery of multinationals (2003), after setting the foundations of the planning process in period 1, the UtilCo central strategy team tried to achieve stability in the strategic planning process in period 2. In contrast, the business unit strategy teams moved towards *reflecting* in the 2002–03 period, demonstrating their increased awareness of the new strategy planning process and their increased participation in the strategy discourse. This finding also supports Burgelman's (1983) argument that adaptive behaviour comes from autonomous operational level managers, primarily located at the periphery, and is similar to Regnér's finding that 'Strategy making in the periphery was inductive' (2003: 57). However, our study provides an additional insight regarding the interactions between the centre and the periphery. Our findings suggest that, in terms of the interactions between the central and peripheral teams, in 2002–03 there were more activities of active *collaboration* compared to the *coordination* activities of the 2000–01 period. This finding is explained by the fact that the knowledge that the peripheral teams gained during period 1 enabled them to actively engage in more exploratory strategy activities in period 2. In other words, these teams moved from a mode of acquiring knowledge to knowing and acting (Orlikowski, 2002). These new activities also enabled the peripheral teams to meet the requirements of the new planning process in terms of strategy related information, analysis and insights from the businesses. The dual changes at the centre and the periphery meant that the way these two levels were *collaborating* was more active, with both levels becoming aware of the need to and benefits of collaborating during the strategy process. Table 3 offers additional empirical insights into the seven categories of practice used by strategy teams in the form of extracts from our interviews at UtilCo.

### Mapping the seven categories of practice over time

After identifying the changes in the practice of strategy teams over the 2000–03 period through our first-order and second-order analysis, our next step in analysing our findings involved mapping these changes over this time period. In order to map these changes we developed the  $2 \times 2$  matrix in Figure 2. Regarding the vertical axis and as described earlier, *executing*, *reflecting* and *initiating* refer to activities conducted within the setting of a single strategy team, while *coordinating*, *supporting* and *collaborating* refer to activities involving more than one strategy team. The practice *shaping*

Table 3 Interview extracts referring to the practices of strategy teams at UtilCo

Practice	Activities comprising the practice	Extracts from the interviews at UtilCo
<b>Executing</b>	Preparing strategy documents/reports/presentations	'we obviously have formal presentation documents with all the back-up materials, you know, like proper consultants for the dialogues with the UtilCo Executive ... it's often just about putting together five or six slides for a Board discussion.' (TellUnit, Strategy Manager)
<b>Reflecting</b>	Developing the strategy knowledge base Investing in personal development	[what] we did is that we (the group strategy team) increased the executive's (top executive team's) ability to engage in strategy and make strategic decisions.' (UtilCo, Group Strategy Director) 'We have several sort of set piece programmes, management development programmes (group strategy Director) or one of his team will go and talk about strategy and take it down to a, you know an understandable level.' (UtilCo, Head of Group Marketing)
<b>Initiating</b>	Tweaking the strategy process and model Developing new strategic ideas	'In 2004 ... thinking outside the box didn't yet happen or ... the process didn't have enough sparks to say, and now let's consider a radically different alternative.' (UtilCo, Group Strategy Director) 'There was one (initiative) around putting in place a proper strategy development process which (the group strategy team) led on and is leading on in some ways.' (UtilCo, Group Human Relations Manager)
<b>Coordinating</b>	Starting new strategy initiatives/projects Using common strategy model/method/framework Developing a common language around strategy	'we set up a model through the organization called X which is a project that (group strategy Director) ran, to create this brand unit based model which has a central organization.' (UtilCo, Group Human Relations Manager) 'there's a model now in place where actually we all recognize ... the majority of the very big decisions have to be collective ones.' (UtilCo, Group Strategy Director)
<b>Supporting</b>	Providing knowledge base and strategy toolkit support Conducting complex strategic analysis	'... we try and make strategy real for people and make it obvious.' (GasUnit, Strategy Manager) 'In terms of support, we've obviously had support from (group strategy Director's) team, in terms of the guidance, in terms of their process that they wanted us to follow.' (GasUnit, Strategy Manager) 'the group (corporate centre strategy team) ... focuses on the more substantial issues around acquisition, divestment, and some of those key bindings that are described within the customer service imperative, the people interactives, the sales and marketing.' (UtilCo, Group HR Manager)

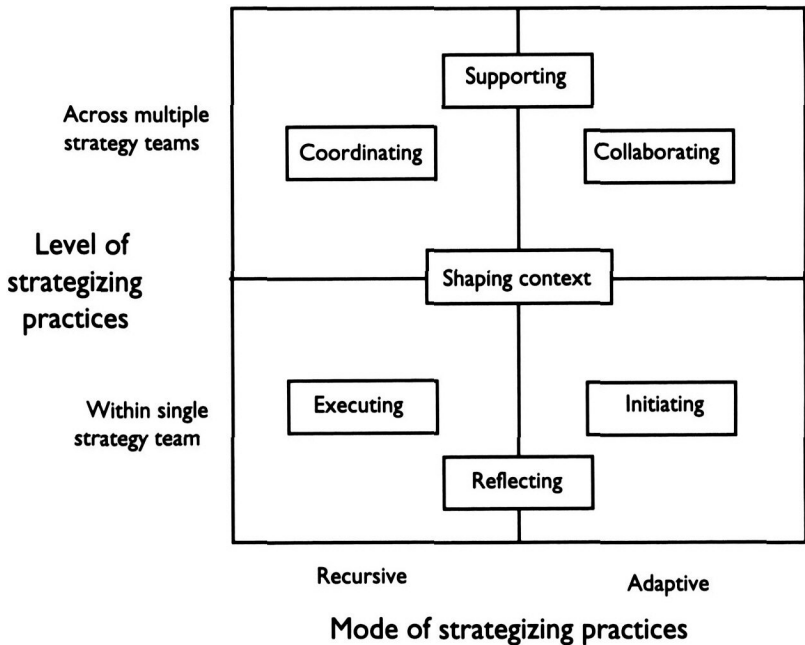
(cont.)

**Table 3** continued

Practice	Activities comprising the practice	Extracts from the interviews at UtilCo
<b>Collaborating</b>	Sharing strategy related resources and information  Working in cross-functional teams	'we (the group strategy team) also use that forum (UtilCo strategy teams) to distribute a lot of documents and templates and everything so that people don't find themselves "reinventing the wheel": (UtilCo, Group Strategy Manager) 'we have something that we call the "Extended Strategy Team" . . . we're a very small group in the group centre, we think of all this broader network as the "actual UtilCo strategy team", it's just the majority have happened to reside inside the (business) units.' (UtilCo, Group Strategy Manager)
<b>Shaping context</b>	Deciding on the standards of strategy related output  Building a network of relationships across the firm	'the quarterly review process, they essentially have to report against this execution plan, are they hitting milestones, are they doing what they say they are going to do, etc.' (UtilCo, Head of Business Process Management) 'everybody knows each other, they talk together, and they build the agenda together basically . . . so it's a mixture of informal and formal networking that gets the job done.' (UtilCo, Head of Group Marketing)

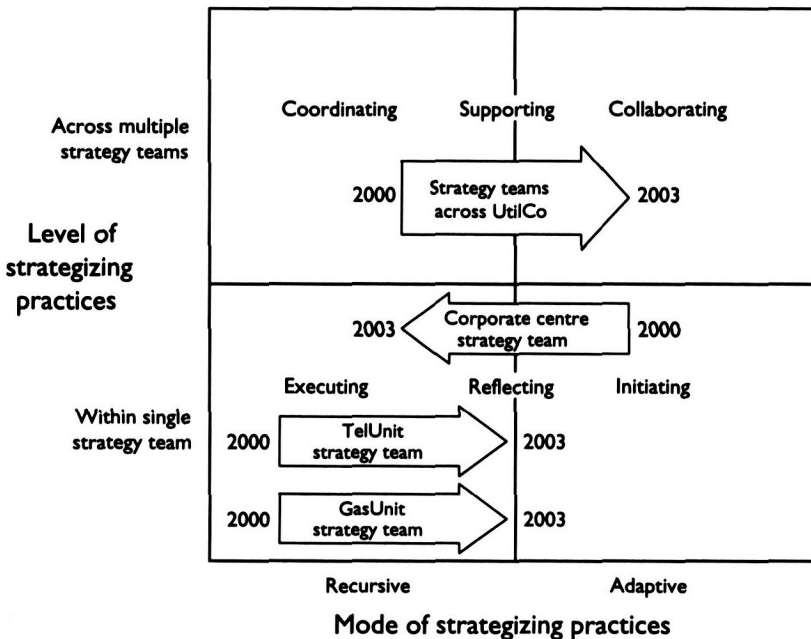
*context* is located in the middle of the diagram since it refers to activities that shape and constrain the context within which strategy teams operate. Using the duality of recursiveness and adaptation discussed earlier, *coordinating* and *executing* were found to refer to habitual activities aimed at maintaining the current way of acting and interacting around the strategy process. Hence, they are placed in the recursive section of the matrix. On the other hand, *collaborating* and *initiating* concern activities within or across strategy teams seeking to change the content and process of strategy either at the business unit level or across the multi-business firm. Finally, *supporting*, *reflecting* and *shaping context* refer to activities that either sustain the present ways of conducting strategy or spark new ways of thinking and acting around strategy. Accordingly, they are located partially within the recursive and the adaptive section of the matrix. This matrix is helpful in furthering our understanding into the practice of strategy teams because it provides the basis for investigating the recursive or adaptive nature of their practice across different levels and over time.

In the previous section we presented our first-order and second-order findings for period 1 (2000–01) and period 2 (2002–03). By comparing our



**Figure 2** Mapping the seven strategizing practices in the conceptual framework

findings over these two periods, we undertook a qualitative evaluation of the changes in the practice of UtilCo strategy teams over the 2000–03 period. More specifically, there were four noteworthy areas of change in the activities of the UtilCo corporate centre strategy team: a) decrease in *initiating* activities, b) increase in *reflecting*, c) increase in *collaborating* and d) decrease in *shaping context* activities. During the same period, four changes in the practice of the TelUnit strategy team were exposed: a) decrease in *executing* activities, b) increase in *reflecting*, c) decrease in *coordinating* and d) increase in *collaborating*. Similarly, the practice of the GasUnit strategy team changed during 2000–03 in four areas: a) decrease in *executing* activities, b) increase in *reflecting*, c) decrease in *coordinating* and d) increase in *collaborating*. Using the matrix in Figure 2, these changes were then mapped in Figure 3. This figure provides a visual representation of the direction of changes in the practice of the UtilCo strategy teams across levels and over time. Next we discuss in more detail the implications and contributions of our findings.



**Figure 3** Mapping the direction of changes in the practices of strategy in UtilCo over the period 2000–03

## Discussion

This article examines what strategy teams *do* during the strategy process. Our first and second-order analysis offers unique insight into the actions and interactions of strategy teams across the multi-business firm. These teams are not characterized by a small or strictly predefined set of roles when they strategize, but instead their responsibilities are multiple and span across levels within the multi-business firm (Paroutis & Pettigrew, 2006). Our findings suggest that strategy teams can be considered as groups of individuals that use a plethora of activities when they strategize. Over the period 2000–03, the central and peripheral strategy teams at UtilCo utilized both recursive and adaptive activities during the creation and refinement of the new strategic planning process. Similar to Balogun's (2003) middle managers, over time these strategy teams demonstrate recursive ways of acting, based on routines, while at the same time developing adaptive and creative approaches to strategizing. In that way, continuity *and* change within the UtilCo strategy process is achieved by having central and peripheral strategy teams following – at any specific period – *both* adaptive and recursive ways of acting. Accordingly, we suggest that continuity and change (Jarzabkowski, 2003; Pettigrew, 1985) during strategizing is enacted and achieved through the adaptive and recursive activities within and across strategy teams.

Our study also exposes the interactions across strategy teams (*coordinating, supporting and collaborating*) and explores how they change over time. As noted earlier, central and peripheral strategy-making is examined in a number of studies (Burgelman, 1983; Regnér, 2003). However, while most of these focus on the distinctiveness between central and peripheral activities, our study demonstrates the importance of the interactions across these levels during strategizing. Through these interactions strategy managers: a) develop standardized procedures, frameworks, manuals and models in dealing with the daily requirements of their jobs, b) make sense and interpret strategy related information, events and experiences (Balogun, 2003; Balogun & Johnson, 2004, 2005; Weick, 1995) and c) generate new strategic ideas, initiatives and methods for solving challenging strategic issues, similarly to Orr's (1996) technicians. Particularly in complex organizational settings, such as the multi-business firm, these interactions also enable distributed communities across multiple organizational levels to create and maintain their collective and distributed knowledge of how to strategize (Orlikowski, 2002; Tsoukas, 1996). Importantly, we investigate how these actions and interactions across strategy teams change over time. In more detail, our study of UtilCo demonstrates that over the period

2000–03 there was variation in the direction of change of strategizing activities between the central and the peripheral strategy teams. The team at the centre moved from an adaptive mode towards a more recursive mode of acting. In contrast, both peripheral teams that were studied in depth, moved from a recursive mode in 2000, when the new strategy process was initially established, towards adopting more adaptive activities in 2003.

Our evidence demonstrates that the activities of strategy teams evolve alongside the strategy process. In the case of UtilCo the adoption of recursive or adaptive activities by strategy teams was closely linked with the UtilCo strategy process. For example, during 2000–03 the strategy teams moved from an adaptive towards a recursive mode of strategizing mainly due to the new strategy process that was established in 2001. This new strategy process required closer collaboration between the strategy teams at the centre and the periphery of the group. Overall, our findings demonstrate that the changes in the way the UtilCo group was strategizing over the period 2000–03 was underpinned by changes *both* in the strategy process and practice across the network of strategy teams. Using these insights, we argue that the notions of process and practice are interrelated when examining how strategy teams both at the corporate centre and business unit level strategize.

In theoretical terms, based on this relationship between practice and process, we suggest that changes in the interactions across strategy teams could have a knock on effect on the perceived overall success (or failure) of the strategy process. In UtilCo most managers perceived the strategy process in period 2 as much more successful than the process in period 1. This demonstrates the effect of particular actions and interactions on process outcomes. Accordingly we argue that these interactions are an important feature of the practice of strategy teams and that they may be associated with the success or failure of the strategy process. Especially in multi-business firms, for example in Grant's oil majors where: 'strategic planning is located as much (if not more) in the divisions as in corporate headquarters' (2003: 515), the failure of the strategy process might be attributed to the failing interactions of central and peripheral teams of managers. Furthermore, we suggest that local contextual characteristics could be contributing factors to the adoption of recursive or adaptive activities, thus influencing the nature of interactions between the centre and the periphery. Future studies could investigate further these relationships between the local context, the adoption of particular activities, the nature of interactions across levels and the success or failure of the strategy process. Finally, exploring the links between the success of strategizing processes and particular activities could have important policy

implications, for instance in guiding management education (Whittington, 1996, 2003) towards the development of particular capabilities for strategists.

Another important message from our study relates to the development and diffusion of new strategizing activities by the corporate centre strategy team to teams located at the business units. As indicated earlier, the UtilCo central team played a leading role in educating business unit strategists in the tools and terminology of the company-wide strategy discourse. Accordingly, in UtilCo the ability to strategize is not isolated within a single strategy team but rather is distributed from the corporate centre strategy team to the wider network of teams. This finding also demonstrates the importance of considering the particular contextual conditions that enable or hinder the diffusion of practices across different levels in complex organizational settings. For instance, within the multi-business firm local knowledge and skills at the business units might enable the process of diffusing practice from the central to peripheral strategy teams. Understanding in more depth the peripheral contextual characteristics that facilitate or obstruct this diffusion in complex settings could be a line of enquiry for future studies.

This study contributes to the strategy as practice area by focusing on the actions and interactions of teams at a less elevated organizational level than senior management. Many previous studies of the strategy practices of teams have focused either on top management teams (Jarzabkowski, 2003; Samra-Fredericks, 2003) or on middle managers (Balogun & Johnson, 2004, 2005; Rouleau, 2005). A distinctive contribution of our study is the investigation of strategy teams not only at a top level or middle level but at multiple levels as well as on the actions and interactions that take place between these teams. Our study also makes a unique empirical contribution to the strategy as practice area by examining team interactions in a large private sector firm. Most of the in-depth empirical studies published so far in this area have been on small size or public sector firms (e.g. Jarzabkowski, 2003; Maitlis & Lawrence, 2003; Rouleau, 2005). Given the autonomy and diffused power arrangements of public sector contexts (Denis et al., this issue), middle and top team interactions might be expected to display different power and control relationships, while the hierarchical span in large versus small firms might also indicate different interaction dynamics, both of which comparisons could constitute topics for future comparative research.

A number of limitations should be acknowledged in this study. First, our understanding of the strategy team activities is derived primarily from our interview data and from strategy related documentation. Due to the sensitivity of the topic of this study, no direct participation or observation of strategy meetings was made possible in UtilCo. Another limitation of the current article is that we approach the conduct of strategy using evidence



from a single company. Views from other companies are visibly absent and might have provided additional insights into the ways groups of managers strategize across various institutional contexts. Future studies could take up the challenge of investigating a larger number of organizations.

Regarding the practical contributions of our study, the conceptual matrix presented earlier in this article (see Figure 2) can act as a diagnostic tool in educational or consulting situations to inform management practice. The first author has already utilized this framework in a number of MBA and Executive education settings as a means of discussing the realities of strategizing in teams across a variety of organizations. In terms of future studies, researchers could address questions about the particular processes, contexts and systems that allow for the emergence and development of either recursive or adaptive activities. For example, scholars could seek to answer questions such as: how and why are recursive activities fostered within an adaptive strategy process and vice versa? What is the role of particular strategists in developing the appropriate conditions for either recursive or adaptive activities to emerge? We also need to know more about the details around the timing and location of particular activities. For example, do recursive activities emerge prior to adaptive ones? How and why do particular activities get adopted across groups of firms or industries? Answering these questions could potentially help strategy as practice scholars explain the emergence of wider organizational phenomena.

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